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China Saftower International Holding Group Limited
中國蜀塔國際控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8623)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2025

Reference is made to the annual report (the "**Annual Report**") of China Saftower International Holding Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") for the year ended 31 December 2025 ("**FY2025**"), which was published by the Company on 30 April 2026. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Annual Report.

In addition to the information disclosed in the Annual Report, the Company would like to provide the following supplementary information to the Shareholders and potential investors of the Company.

DISCLAIMER OF OPINION

As disclosed in the Annual Report, the Company's auditor, Rongcheng (Hong Kong) CPA Limited (formerly known as "**CL Partners CPA Limited**"), issued a disclaimer of opinion (the "**Disclaimer Opinion**") on the Group's consolidated financial statements for FY2025. The report of the auditor was dated 30 March 2026 and was reproduced in the Annual Report. The Disclaimer Opinion was issued on the basis of the matters set out in the "Basis for Disclaimer of Opinion" section of the report of the auditor and in note 2 to the consolidated financial statements in the Annual Report, which are summarised as follows:

(a) the Group incurred a net loss of approximately RMB121,273,000 during the year ended 31 December 2025;

(b) as at that date, the Group had net current liabilities of approximately RMB157,273,000 and net liabilities of approximately RMB100,143,000, respectively;

(c) 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 RMB246,000 and restricted bank deposits of approximately RMB11,000;

(d) as at 31 December 2025, the Group was in default of borrowings with a principal amount of approximately RMB25,601,000 and interest payable totalling 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; and

(e) the going concern basis of account preparation was based on assumptions and measures which remained subject to various uncertainties, and the auditor was not able to obtain sufficient appropriate audit evidence to assess the likelihood of success of such plans and measures.

The auditor was of the view that these events and conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business.

THE COMPANY'S PLANS TO ADDRESS THE DISCLAIMER OPINION

In response to the Disclaimer Opinion, the Company has taken, and will continue to implement, the following measures to address the underlying issues and to avoid a recurrence in the financial year ending 31 December 2026. The measures set out below are those disclosed in the "Action Plan to Address the Disclaimer of Opinion and Going Concern Uncertainty" in the corporate governance report of the Annual Report, and the implementation progress of each measure as at the date of this announcement is stated below. The Company has been reporting the implementation progress of the measures to the Board and the Audit Committee on a quarterly basis.

The plans and measures referred to in the "Basis for Disclaimer of Opinion" section of the auditor's report, namely the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; the successful completion of potential disposal of some of the Group's subsidiaries together with part of the overdue loans and other liabilities; 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 the successful obtaining of new sources of financing or strategic capital investments as and when needed, are addressed by the measures set out below.

(i) Enhance the customer credit rating system, establish a dynamic monitoring mechanism for trade receivables and shorten credit periods, so as to improve the quality of the Group's working capital. This measure was initiated during the year ended 31 December 2025 and was expected to be completed by June 2026. The measure has been implemented. In particular, the Group has fully suspended further despatch of goods and new business engagements with existing customers with a history of overdue settlement, so as to prevent any further increase in credit risk exposure, and has applied a cash settlement policy to all newly developed customers, under which settlement is made on the day of delivery, within 15 days or within 30 days, such that the trade receivables of such new customers are recovered within the month of sale.

(ii) Step up recovery of trade receivables to supplement working capital. This measure is ongoing throughout 2026. The Group has established a tiered and classified collection mechanism and has carried out targeted recovery actions. For certain major overdue debtors with large outstanding balances and a higher degree of collection difficulty, the Group has formulated specific collection plans, deployed a joint team of legal and business personnel, formally served lawyer's letters setting out the repayment deadlines and the consequences of default, and continued to negotiate with the relevant debtors, including exploring the feasibility of settling the outstanding amounts by way of the pledge and realisation of their marketable assets; the Group will initiate legal preservation proceedings where necessary. For other long-standing customers with aged balances, the Group has maintained regular telephone contact and on-site visits to understand their current business condition and has negotiated instalment repayment arrangements. As a result, the Group recovered approximately RMB530,000 of aged receivables during the quarter ended 30 June 2026, which progressively supplements the Group's operating cash flow.

(iii) Dispose of subsidiary assets to reduce liabilities. The first disposal was completed in the first quarter of 2026, being the disposal of 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, pursuant to a conditional sale and purchase agreement entered into with an independent third party on 31 December 2025. The net proceeds of the disposal amounted to RMB2,700,000, which exceeded the net carrying amount of the relevant assets and liabilities, and accordingly no impairment loss was recognised. The transaction was completed in January 2026. The Group has continued to implement the disposal of subsidiary assets and the reduction of its liabilities. In particular, the Group completed the disposal of Fuzhou Dasong, a subsidiary in which the Company holds an indirect 51% interest and which is engaged in new energy-related businesses in the PRC, pursuant to a share transfer agreement entered into with an independent third party on 11 August 2026. The net proceeds of the disposal amounted to RMB0.2 million, which exceeded the net asset value of the related assets and liabilities, and accordingly no impairment loss was recognised. The transaction was completed in August 2026. In parallel, the Group has continued

to reduce the production capacity of, and the scale of its low-margin manufacturing operations, so as to lower the capital employed in, and the cash outflow from, such operations.

(iv) Extend credit periods from suppliers to ease liquidity pressure. This measure was under negotiation and was expected to be completed by June 2026, and continues to be pursued. The Group has continued to review settlement arrangements with its suppliers and align payment schedules with the Group's operational cash cycle, and has optimised cash expenditure in its procurement and production processes with a view to releasing working capital.

(v) Continue to obtain financial support from major shareholders. The Group has secured continuing financial support from its major shareholders, which is ongoing. The Company has also continued to seek other alternative financing to increase the Group's equity and liquidity when necessary. In addition, certain of the Group's bank borrowings and other borrowings are secured on properties of the Directors, close family members of the Directors, the Group's key management personnel and independent third parties, and on inventories of a shareholder of the Company, and are guaranteed by the Directors, shareholders, close family members of the Directors and independent third parties.

(vi) Expand sales of wires and cables, polymer materials and aluminium products to enhance profitability. A marketing plan has been formulated and the measure is being implemented throughout 2026. During the six months ended 30 June 2026, the Group continued to engage in the manufacturing and sales of wires and cables and polymer materials and served a broad customer base, and the polymeric materials and aluminium products segment continued to be developed. The Group has continued to expand its customer base, and the new customers developed during the period are subject to the cash settlement policy referred to in measure (i) above. In May 2026, the Group obtained an invention patent, granted by the State Intellectual Property Office of the PRC, in respect of a one-step granulation method for polyethylene sheath material for optical cables, which will support the Group's development of higher value-added products.

(vii) Maintain and seek to expand credit facilities from financial institutions. Ongoing communication with financial institutions is maintained. The Group has continued to negotiate with the lending banks and other lenders for the renewal of banking facilities and other borrowings upon maturity, and the management of the Company is confident that it will be able to extend such borrowings such that no action will be taken by the relevant lenders to demand for immediate repayment of the borrowings in default. In addition, the Group has proactively approached certain banks in the PRC, including Bank of China Limited and a rural commercial bank, to renew the working capital facilities extended to the Group's subsidiaries in the PRC, and such renewals are under active negotiation with a view to their completion.

(viii) Cooperate with OEM partners to reduce product costs by adopting an entrusted processing model. This measure was under discussion and was expected to be completed in the third quarter of 2026. The Group has continued to reduce the production capacity of, and the scale of, its low-margin manufacturing operations, and has continued to review the outsourcing of certain lower-margin products to OEM partners under an entrusted processing model with a view to reducing product costs. The Group has also continued to control administrative costs through various channels, including human resources optimisation, management remuneration adjustments and capital expenditure control, with a view to reducing cash outflow and improving the cash flow of the Group. In particular, the Group has streamlined its organisational structure, optimised its staffing level and reduced back-office management costs, and the cumulative reduction in human resources and management costs as compared with the same period last year amounted to approximately RMB800,000 or more.

FINANCIAL PROGRESS SINCE THE DATE OF THE ANNUAL REPORT

The Company wishes to update the Shareholders and potential investors on the following financial developments since the date of the Annual Report, which are reflected in the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026 published on 27 August 2026:

(a) the amount of borrowings in respect of which the Group was in default as a result of late or overdue payment of loan principal and interest decreased from approximately RMB25,601,000 as at 31 December 2025 to approximately RMB16,728,000 as at 30 June 2026;

(b) total borrowings decreased from approximately RMB56,181,000 as at 31 December 2025 to approximately RMB55,021,000 as at 30 June 2026;

(c) revenue for the six months ended 30 June 2026 decreased by approximately 48.8% to approximately RMB86,189,000 as compared with approximately RMB168,245,000 for the corresponding period in 2025. As disclosed in the interim report, the decrease was mainly due to the decrease in market demand, as well as the Group's decision to shorten customer payment terms so as to manage working capital and optimise the revenue structure of its products. In line with the business restructuring referred to in measure (iii) above, the revenue mix of the Group shifted towards semi-finished aluminium rods and polymeric materials, and the Group recorded a gross loss of approximately RMB2,139,000 for the six months ended 30 June 2026 (2025: gross profit of approximately RMB662,000), while administrative and other expenses decreased by approximately RMB7,190,000, or 52.6%, to approximately RMB6,474,000;

(d) the loss for the six months ended 30 June 2026 amounted to approximately RMB7,549,000, representing a decrease of approximately 54.2% as compared with the loss of approximately RMB16,476,000 for the corresponding period in 2025. As at 30 June 2026, the Group had net current liabilities of approximately RMB157,715,000 and net liabilities of approximately RMB108,299,000;

(e) bank and cash balances increased from approximately RMB246,000 as at 31 December 2025 to approximately RMB258,000 as at 30 June 2026, with restricted bank deposits remaining at approximately RMB11,000; and

(f) the Board and the Audit Committee have discussed the above action plan with the auditor and confirm that the plan directly addresses the core issues giving rise to the current disclaimer of opinion, that management is committed to executing the plan and will report progress to the Audit Committee on a regular basis, and that the Audit Committee will continue to monitor the implementation of the plan and recommend adjustments to the Board where necessary.

FUNDRAISING AND GENERAL MANDATE

Having regard to the net liability position of the Group and its funding needs, the Company continues to explore fundraising opportunities and to assess the most appropriate fundraising mechanisms to strengthen the capital base of the Group, including a potential placing of new Shares under the general mandate, having regard to prevailing market conditions.

The ordinary resolution granting the general mandate was duly passed at the annual general meeting of the Company held on 8 June 2026, pursuant to which the Board is authorised to issue and allot up to 37,435,049 Shares, being 20% of the total number of 187,175,245 Shares in issue as at the date of passing of the resolution, at any time up to the date of the next annual general meeting of the Company. As at 30 September 2026, the total number of Shares in issue remained 187,175,245 and the Company had no treasury shares.

As at the date of this announcement, no definitive equity financing has been finalised and discussions remain at a preliminary stage; further announcement(s) will be made as and when appropriate upon the attainment of material progress.

The Board will continue to use its best endeavours to implement the measures set out above to resolve the issues underlying the Disclaimer Opinion, and will publish further announcement(s) as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 28 October 2026

As at the date of this announcement, 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 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.