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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of China Saftower International Holding Group Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of the interim results. Printed version of the 2024 Interim Report will be despatched to the Shareholders of the Company and published on the websites of the Company at www.saftower.cn and the Stock Exchange at www.hkexnews.hk as soon as practicable in compliance with the GEM Listing Rules.

By order of the Board

China Saftower International Holding Group Limited

Dang Fei

Chairman and Executive Director

Hong Kong, 30 August 2024

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange website (www.hkexnews.hk) for at least 7 days from the date of its publication. This announcement will also be published 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.

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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
Mr. Li Xia
Ms. Hu Yi
Mr. Wang Yifan

Independent non-executive Directors

Dr. Zuo Xinzhang
Mr. Ma Kaibing
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. Ma Kaibing (*Chairperson*)
Dr. Zuo Xinzhang
Mr. Li Jian

REMUNERATION COMMITTEE

Mr. Li Jian (*Chairperson*)
Dr. Zuo Xinzhang
Mr. Ma Kaibing

NOMINATION COMMITTEE

Mr. Dang Fei (*Chairperson*)
Dr. Zuo Xinzhang
Mr. Ma Kaibing
Mr. Li Jian

INDEPENDENT AUDITOR

CL Partners CPA Limited
(*Certified Public Accountants*)

LEGAL ADVISER

(*As to Hong Kong law*)
Fairbairn Catley Low & Kong

REGISTERED OFFICE

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103 South Church Street
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Grand Cayman KY1-1002
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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 913, 9/F, Chinachem Golden Plaza
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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 2024, together with the unaudited comparative figures for the corresponding period in 2023 as follows:

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

For the six months ended 30 June

	Notes	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	7	89,327	131,192
Cost of sales		(88,241)	(130,964)
Gross (loss) profit		1,086	228
Other income	8	4,276	1,153
Selling and distribution expenses		(1,517)	(885)
Administrative and other expenses		(14,893)	(10,187)
Finance costs	9	(2,844)	(3,800)
Loss before income tax expense	10	(13,892)	(13,491)
Income tax credit	11	2,672	2,106
Loss for the period		(11,220)	(11,385)
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(37)	(112)
Total comprehensive income for the period		(11,257)	(11,497)

	<i>Notes</i>	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		(11,257)	(10,044)
Non-controlling interests		37	(1,341)
		(11,220)	(11,385)
Total comprehensive income for the period attributable to:			
Owners of the Company		(11,294)	(10,156)
Non-controlling interests		37	(1,341)
		(11,257)	(11,497)
Loss per share for the loss attributable to owners of the Company during the period (expressed in RMB cents per share)			
— Basic and diluted	13	(1.22)	(1.09)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	80,123	82,771
Right-of-use assets		11,248	16,963
Goodwill		—	—
Intangible assets		423	461
Deferred tax assets		14,053	9,919
Deposits and prepayments	15	30,465	29,255
		136,312	139,369
Current assets			
Inventories		6,300	5,247
Trade receivables	15	119,595	143,028
Prepayments, deposits and other receivables	15	62,172	69,206
Tax recoverables		66	66
Amount due from a shareholder		150	150
Restricted bank deposits		374	374
Bank balances and cash		343	1,409
		189,000	219,480
Total assets		325,312	358,849
Current liabilities			
Contract liabilities		944	2,816
Trade and bill payables	16	65,445	95,635
Accruals and other payables	16	71,952	65,360
Amount due to shareholders		26,860	28,623
Borrowings	17	41,396	68,518
Deferred income		—	368
Lease liabilities		1,697	2,366
		208,294	263,686
Net current liabilities		(19,294)	(44,206)
Total assets less current liabilities		117,018	95,163

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current liabilities			
Other payable	16	21,150	1,850
Borrowings	17	29,995	9,580
Deferred income		1,165	981
Deferred tax liabilities		454	4,070
Lease liabilities		4,974	8,145
		57,738	24,626
Net assets			
		59,280	70,537
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	8,222	8,222
Reserves		29,083	40,377
		37,305	48,599
Non-controlling interests			
		21,975	21,938
Total equity			
		59,280	70,537

* Represents the amount less than RMB1,000

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Equity attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	Foreign exchange reserve RMB'000	Retained earnings RMB'000	Statutory reserves RMB'000	Other reserve RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	8,222	37,111	69,696	(621)	(70,563)	7,730	(2,976)	48,599	21,938	70,537
Loss for the period	-	-	-	-	(11,257)	-	-	(11,257)	37	(11,220)
Other comprehensive income	-	-	-	(37)	-	-	-	(37)	-	(37)
Total comprehensive income for the period	-	-	-	(37)	(11,257)	-	-	(11,294)	37	(11,257)
At 30 June 2024	8,222	37,111	69,696	(658)	(81,820)	7,730	(2,976)	37,305	21,975	59,280
At 1 January 2023	8,222	37,111	69,696	(428)	(10,525)	7,730	-	111,806	23,703	135,509
Loss for the period	-	-	-	-	(10,044)	-	-	(10,044)	(1,341)	(11,385)
Other comprehensive income	-	-	-	(112)	-	-	-	(112)	-	(112)
Total comprehensive income for the period	-	-	-	(112)	(10,044)	-	-	(10,156)	(1,341)	(11,497)
At 30 June 2023	8,222	37,111	69,696	(540)	(20,569)	7,730	-	101,650	22,362	124,012

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	Notes	2023
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash (used in)/generated from operations	9,178	358
Net cash (used in)/generated from operating activities	9,178	358
Cash flows from investing activities		
Purchase of property, plant and equipment	(18,800)	(7,538)
Net cash used in investing activities	(18,800)	(7,538)
Cash flows from financing activities		
Proceeds from borrowings	8,214	20,360
Repayments of borrowings	(8,710)	(21,600)
Interest paid on borrowings	1,272	2,697
Repayments of lease liabilities	—	(1,532)
Interest paid on lease liabilities	—	(34)
Advance from a shareholder	7,780	9,153
Net cash generated from financing activities	8,556	9,044
Net (decrease)/increase in cash and cash equivalents	(1,066)	1,349
Cash and cash equivalents at beginning of period	1,409	515
Cash and cash equivalents at end of period	343	1,864

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

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 and sale of aluminium products 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 Rule**”).

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 2023 of the Company dated 31 March 2024 (the “**2023 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 2023 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 2024. 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 has 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 2024 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to Hong Kong Accounting Standards ("HKAS") 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

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

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 this 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 Accountants' 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 Accountants' Report.

There have been no changes in the risk management policies since 31 December 2023.

6. SEGMENT REPORTING

Operating segments

During the six months ended 30 June 2024 and 30 June 2023, the Group was principally engaged in manufacturing and sales of wires and cables and sales of aluminium products in the PRC. Information reported to the Group's CODM, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. For management purpose, the Group has only one reportable operating segment which is the manufacturing and sales of wires and cables and sales of aluminium products. Accordingly, no operating segment information is presented.

6. SEGMENT REPORTING (CONTINUED)

Geographic information

The Group's revenue during the six months ended 30 June 2024 and 30 June 2023 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.

Information about major customers

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Customer A	70,273	48,070
Customer B	N/A ⁽¹⁾	33,262
Customer C	N/A ⁽¹⁾	20,485

(1) The corresponding revenue did not contribute over 10% of the total revenue of the Group.

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	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers		
<i>Type of goods</i>		
Manufacturing and sales of wires and cables, recognised at a point in time	89,327	129,019
Manufacturing and sales of aluminium products, recognised at a point in time	–	2,173
	89,327	131,192

8. OTHER INCOME

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Other income			
Interest income		1,208	3
Government grants and subsidies	(i)	1,943	1,220
Sales of scrap metals and consumables		–	33
Rental income	(ii)	513	79
Others		612	(182)
		4,276	1,153

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.
- ii. During the six months ended 30 June 2024, the Group leased its machine to an independent third party with the lease period within one year.

9. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest expenses on bank and other borrowings	2,844	3,797
Interest expenses on lease liabilities	–	3
Finance costs recognised in profit or loss	2,844	3,800

10. LOSS BEFORE INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Costs of inventories recognised as expense	88,241	130,628
Depreciation of property, plant and equipment	2,749	4,991
Depreciation of right-of-use assets	–	115
Amortisation of intangible assets	117	19
Research and development costs (other than amortisation costs)	–	86
Release of deferred income	(184)	(184)
Allowance for expected credit losses (“ECLs”) on trade receivables (Note 15)	2	4,631
Employee costs (including directors’ remuneration, wages, salaries, allowances and other benefits)	3,637	5,101
Contributions to defined contribution retirement plan	754	805
	4,391	5,906

11. INCOME TAX CREDIT

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

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current income tax expense (credit)	-	7
Deferred tax (credit)	(2,672)	(2,113)
Income tax (credit)	(2,672)	(2,106)

No Hong Kong profits tax was provided during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil) as the Group has no estimated assessable profit in Hong Kong during the period (six months ended 30 June 2023: 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 2024 and 30 June 2023. 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 2024 and 30 June 2023.

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 2024 of approximately RMB11,257,000 (2023: loss attributable to owners of the Company of approximately RMB10,044,000), and the weighted average number of ordinary shares of 920,000,000 in issue (six months ended 30 June 2023: 920,000,000 shares of the Company in issue).

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the six months ended 30 June 2024 and 30 June 2023.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of machinery and office equipment with a cost of approximately RMB18,800,000 (six months ended 30 June 2023: RMB7,538,000).

15. TRADE AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current:		
Trade receivables	133,079	156,510
Less: Allowance for ECLs on trade receivables	(13,484)	(13,482)
	119,595	143,028
Prepayments	1,000	387
Prepayments to suppliers	301	14,660
Loan receivables	34,500	31,039
Others	26,371	23,120
	62,172	69,206
Non-current:		
Prepayments	18,800	29,109
Deposits	11,665	146
	30,465	29,255
	92,637	98,461

The credit period granted to customers is ranging from 0 to 365 days as at 30 June 2024 (31 December 2023: 0 to 365 days).

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 60 days	35,841	40,311
61 to 180 days	12,548	22,475
181 to 365 days	32,548	8,451
Over 365 days	52,142	85,273
	133,079	156,510

16. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Non-current:		
Other payables	21,150	1,850
Current:		
Trade payables	65,445	95,435
Bills payables	–	200
Accrued operating expenses	2,782	8,600
Accrued employee benefit expenses	2,741	2,441
Payables for purchase of property, plant and equipment	10	3,589
Other taxes payables	18,520	8,373
Interest payables	6,582	6,254
Deposits received	16,284	1,190
Other payables	25,033	34,913
	71,952	65,360

16. TRADE AND OTHER PAYABLES (CONTINUED)

The credit period on purchases from suppliers is generally ranging from 0 to 120 days as at 30 June 2024 (31 December 2023: 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 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
0 to 60 days	25,284	46,419
61 to 180 days	14,176	19,938
181 to 365 days	5,284	861
Over 365 days	20,701	28,217
	65,445	95,435

17. BORROWINGS

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current:		
Secured and guaranteed interest-bearing bank borrowings repayable within one year <i>(Note (i) and (ii))</i>	35,066	51,248
Secured and guaranteed interest-bearing other borrowings repayable within one year <i>(Note (i) and (ii))</i>	6,330	7,270
Unsecured interest-bearing other borrowings repayable within one year <i>(Note (iii))</i>	–	10,000
	41,396	68,518
Non-current:		
Secured and guaranteed interest-bearing bank borrowings repayable after one year <i>(Note (i) & (ii))</i>	23,095	2,400
Secured and guaranteed interest-bearing other borrowings repayable after one year <i>(Note (i) & (ii))</i>	6,900	7,180
	29,995	9,580

17. BORROWINGS (CONTINUED)

Notes:

- (i) The bank borrowings and other borrowings are secured by:
 - (a) Buildings with an aggregate net carrying amount of approximately RMB41,833,000 as at 30 June 2024 (31 December 2023: RMB42,859,000);
 - (b) Land use rights with an aggregate net carrying amount of approximately RMB5,992,000 as at 30 June 2024 (31 December 2023: RMB6,088,000);
 - (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) Plant and machinery with an aggregate net carrying amount of approximately RMB7,052,000 as at 30 June 2024 (31 December 2023: RMB3,506,000);
 - (h) Inventories of a shareholder of Bigroad Investment Limited. Bigroad Investment Limited is one of the shareholders of the Company; and
 - (i) Trade receivables with maximum amount of RMB2,541,000 as at 30 June 2024 (31 December 2023: RMB2,541,000).
- (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 2024, the Group was in default in respect of principal amount of borrowings totaling approximately RMB15,400,000 (31 December 2023: RMB50,999,000) due to the events of default of late or overdue payment of loan principal and interest during the year ended or as at 30 June 2024.

17. BORROWINGS (CONTINUED)

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

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
On demand or within one year	41,396	68,518
More than one year, but not exceeding two years	530	2,420
More than two years, but not exceeding five years	25,905	1,200
More than five years	3,560	5,960
	71,391	78,098

18. SHARE CAPITAL

	Number	Amount RMB'000
Authorised:		
At 1 January 2023, 31 December 2023 (audited) and 30 June 2024 (unaudited)	4,000,000,000	35,994
Issued and fully paid:		
At 1 January 2023, 31 December 2023 (audited) and 30 June 2024 (unaudited)	920,000,000	8,222

* Represents the amount less than RMB1,000

19. RELATED PARTY TRANSACTION

- (a) As at 30 June 2024 and 31 December 2023, 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 2024 and 31 December 2023, 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	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries, allowances and other benefits	398	599
Contributions to defined contribution retirement plan	64	71
	462	670

- (d) As at 30 June 2024 and 31 December 2023, 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 cast-rolled coil and aluminum plate manufacturing of foil, with integrated production facilities situated in Chengdu, Guangyuan and Yaan 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) other products, which comprise cable accessories. 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 and bare copper wires to maximise the Group's market exposure and enlarge its market share.

During the six months ended 30 June 2024 (the "**Period**"), the Group continued to engage in the manufacturing and sales of wires and cables 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

Despite the challenges faced by manufacturers and suppliers of wires and cables in the PRC, there are also several factors that could help to sustain and grow the industry.

1. **Increasing Demand in Various Applications:** The demand for wires and cables is expected to continue growing in sectors such as automotive, construction, and telecommunications. Ongoing urbanization, infrastructure development, and technological advancements will contribute to this demand. As these industries expand, the need for wires and cables will increase, presenting manufacturers with new opportunities.
2. **Government Investment in Infrastructure:** The Chinese government's continued investment in infrastructure development will be a significant driver for the industry. Projects related to power grids, high-speed railways, 5G networks, and other infrastructure initiatives will require substantial amounts of wires and cables. Manufacturers and suppliers can benefit from these investments by meeting the demand for these essential components.
3. **Adoption of Renewable Energy Technologies:** The increasing adoption of renewable energy sources, such as wind and solar power, presents a significant growth opportunity for wire and cable manufacturers. These technologies rely heavily on extensive wiring and cabling systems to connect power generation facilities to the grid. As China continues to prioritize its transition to cleaner energy sources, the demand for wires and cables in this sector is expected to rise.

4. Domestic Market Development: As the PRC focuses on developing its domestic market, manufacturers and suppliers can shift their attention from exports to catering to the local demand. This strategic shift can help businesses reduce their reliance on external factors, such as trade tensions or global market fluctuations. By capturing a larger share of the domestic market, manufacturers can experience more stable growth and increased profitability.

Considering these factors, it is reasonable to expect that the financial performance of wire and cable manufacturers in the PRC will improve in the foreseeable future. However, it is essential for companies in the industry to stay updated with market trends, invest in research and development, and maintain high-quality standards to remain competitive and capitalize on the opportunities presented by these growth drivers.

Moreover, on 15 August 2024, the Group has recently set up an indirect subsidiary named Fuzhou Dasong IoT Technology Co., Ltd.* (福州大宋物聯網科技有限公司) which is mainly engaged in software development, technical services, and the operation of non-motor vehicle charging facilities. Fuzhou Dasong IoT Technology Co., Ltd. is held 51% by Hainan Saftower Yichong Technology Co., Ltd.* and 49% by Mr. Song Chunsen.

Mr. Song Chunsen's team has extensive industry experience in managing regional market resources with millions of users, as well as a management cloud platform based on big data and AI technology. By introducing his team for collaboration, it is expected to jointly build an innovative operation platform oriented towards the intelligitization of the charging piles, and the Internet + Internet of Things ("IoT"), serving tens of millions of users across regions. This collaboration aims to horizontally optimize the industry market, vertically enhance the development of new markets, accelerate the layout of the national nonmotorized vehicle charging market, and provide the industry and end users with safer, more efficient, and more convenient smart charging equipment and operation networks.

* For identification purposes only

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	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024	2023
Classic finished wires and cables						
Copper wires and cables	-	954	-	54	-	5.66%
Aluminium wires and cables	88,804	57,678	1,080	695	1.2%	1.2%
Special finished wires and cables						
Aluminium wires and cables	-	553	-	208	-	37.6%
Semi-finished wires						
Aluminium rods	523	21,763	6	(332)	1.1%	(1.5%)
Cast-rolled coil	-	2,173	-	(376)	-	(17.3%)
Others (aluminum billet)	-	48,071	-	(21)	-	(0.1%)
	89,327	131,192	1,086	228	1.2%	0.2%

During the six months ended 30 June 2024, the Group generated its revenue mainly from the manufacturing and sales of wires and cables in the PRC. The Group recorded a turnover of approximately RMB89.3 million for the six months ended 30 June 2024, representing a decrease of approximately 31.9% as compared with that in 2023. The decrease in revenue was mainly due to demand from the market decreased.

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 RMB131.0 million for the six months ended 30 June 2023 to RMB88.2 million for the six months ended 30 June 2024, representing a decrease of RMB42.7 million, or 32.6%. 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 2024, our gross profit amounted to RMB1.1 million, while our gross profit margin was 1.2%.

Other income and gains

Other income and gains increased from approximately RMB1.2 million for the six months ended 30 June 2023 to approximately RMB4.3 million for the six months ended 30 June 2024. The increase is mainly due to the interest income from loan receivables.

Selling and distribution expenses

The Group's selling and distribution expenses consist of (i) transportation expenses, (ii) staff wages and benefits, (iii) entertainment and travel expenses, and (iv) others.

Selling and distribution expenses decreased by RMB0.6 million or 71.4% for the six months ended 30 June 2024 as a result of the decrease of sales activities during the Period.

Administrative and other expenses

The Group's administrative and other expenses mainly consist of (i) staff wages and benefits, (ii) depreciation of property, plant and equipment, (iii) legal and professional fees, (iv) entertainment and travelling expenses and others.

Administrative and other expenses increased by approximately RMB4.7 million as compared to the six months ended 30 June 2023.

Finance costs

Finance costs of the Group had decreased from approximately HK\$3.8 million for the six months ended 30 June 2023 to approximately HK\$2.8 million for the six months ended 30 June 2024. The decrease in amount was mainly contributed to the decrease in average amount of borrowings during the six months ended 30 June 2024.

Income tax credit

The Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising the Group domicile or operate. During the six months ended 30 June 2024, the Group recorded a tax credit of approximately RMB2.7 million due to recognition of the assessable loss for the Period.

Loss attributable to owners for the period

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company amounted to approximately RMB11.3 million (six months ended 30 June 2023: loss of RMB10.0 million). The Directors consider that the increase in net loss was mainly attributable to the combined effect of increase in other income and administrative and other expenses for the six months ended 30 June 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group financed its operations primarily through a combination of cash generated from its operations, borrowings and advance from shareholders. The Group's principal uses of cash have been, and are expected to continue to be, payment for procurement of raw materials and inventories, purchase of property, plant and equipment and repayment of borrowings and interest. As at 30 June 2024, the Group had cash and cash equivalents of approximately RMB0.3 million (31 December 2023: RMB1.4 million).

As at 30 June 2024, the total equity attributable to equity holders of the Company amounted to approximately RMB37.3 million (31 December 2023: approximately RMB48.6 million).

Gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the period-end date and expressed as a percentage. The gearing ratio of the Group as at 30 June 2024 was 191.4% (31 December 2023: 110.7%). During the six months ended 30 June 2024, the Group did not employ any financial instrument for hedging purpose.

CHARGES ON GROUP'S ASSETS

As at 30 June 2024, the following assets was pledged to secure the Group's bank and other borrowings:

Pledged assets	Net carrying amounts as at 30 June 2024 RMB'000	Net carrying amounts as at 31 December 2023 RMB'000
Buildings	41,833	42,859
Land use rights	5,992	6,088
Plant and machinery	7,052	3,506
	54,877	52,453

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

CAPITAL COMMITMENT

The Group had no capital commitments as at 30 June 2024 (31 December 2023: RMB Nil).

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2024.

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 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed a total of 119 full-time employees (30 June 2023: 185 full-time employees). Total employee benefit expenses for the six months ended 30 June 2024 and the six months ended 30 June 2023 were approximately RMB4.4 million and approximately RMB5.9 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. The decrease in the number of employees and expenses was due to the decrease in the number of personnels in Yaan Company.

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

Save for the plan for material investment or capital assets as disclosed in the Prospectus, there was no significant investment held, material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2024, 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 2024 (six months ended 30 June 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2024, 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 2024 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 2024 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.

INTEREST OF COMPLIANCE ADVISER

The Company has appointed Alliance Capital Partners Limited (the “**Compliance Adviser**”) to be the compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. As notified by the Compliance Adviser, as at 30 June 2024, save for the compliance adviser agreement and a financial adviser agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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 2024, 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 (<i>Note 1</i>) Interest held jointly with another person (<i>Note 2</i>)	351,280,000	38.18%
Mr. Wang Xiaozhong	Interest in controlled corporation (<i>Note 3</i>)	99,760,000	10.84%
Ms. Luo Xi	Interest in controlled corporation (<i>Note 4</i>)	8,510,000	0.93%

Notes:

- The Shares were held by Red Fly Investment Limited ("**Red Fly**"). Red Fly is owned as to 80.79% by Mr. Dang Fei and 19.21% by Mr. Dang Jun. By virtue of SFO, Mr. Dang Fei is deemed to be interested in the same number of Shares held by Red Fly.
- Mr. Dang Fei and Mr. Dang Jun are parties acting in concert pursuant to an acting in concert agreement dated 4 July 2019. As such, Mr. Dang Fei and Mr. Dang Jun together control 38.18% of the issued share capital of the Company.
- 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.
- 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 2024, 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 2024, 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>)	351,280,000	38.18%
Mr. Dang Jun	Interest held jointly with another person (<i>Note 2</i>)	351,280,000	38.18%
Ms. Li Li	Interest of spouse (<i>Note 3</i>)	351,280,000	38.18%
Mr. Fu Chuanrong	Beneficial owner	120,630,000	13.10%
Xseven Investment	Beneficial owner (<i>Note 4</i>)	99,760,000	10.84%
Ms. Gao Hong	Interest of spouse (<i>Note 5</i>)	99,760,000	10.84%

Notes:

1. The Shares were held by Red Fly. Red Fly is owned as to 80.79% by Mr. Dang Fei and 19.21% by Mr. Dang Jun.
2. Mr. Dang Fei and Mr. Dang Jun are parties acting in concert pursuant to an acting in concert agreement dated 4 July 2019. As such, Mr. Dang Fei and Mr. Dang Jun together control 38.18% of the issued share capital of the Company.

3. Ms. Li Li is the spouse of Mr. Dang Jun. Under the SFO, Ms. Li Li is deemed to be interested in the same number of Shares held by Mr. Dang Jun.
4. The Shares were held by Xseven Investment. Xseven Investment is owned as to 100% by Mr. Wang Xiaozhong.
5. 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 2024, 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 2024.

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 2024 and 30 June 2024, respectively, the number of share options available for grant under the Share Option Scheme was 80,000,000 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

(i) Share consolidation

On 10 July 2024, share consolidation of every ten (10) issued and unissued shares of par value of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of par value of HK\$0.1 each (as detailed in the circular of the Company dated 14 June 2024).

(ii) Completion of Subscription of New Shares

On 16 August 2024, allotment and issue of 18,400,000 new shares of the Company pursuant to the subscription agreements dated 22 May 2024 (as supplemented by the supplemental agreements dated 11 June 2024) had been completed. Details of which are disclosed in the announcements of the Company dated 22 May 2024 and 11 June 2024.

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. Ma Kaibing, Dr. Zuo Xinzhang and Mr. Li Jian, all being independent non-executive Directors. Mr. Ma Kaibing, 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 2024 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 2024 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, 30 August 2024

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

This 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.