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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)

PROFIT WARNING

This announcement is made by China Saftower International Holding Group Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (“**FY2020**”) and information currently available to the Board, the Group is expected to record a net profit of not more than approximately RMB2.0 million for the year ended 31 December 2020, representing a decrease in net profit of not less than approximately RMB27.8 million as compared to that for the year ended 31 December 2019 (“**FY2019**”). By excluding the effect of listing expenses, the Group is expected to record a net profit of not more than approximately RMB9.7 million for FY2020, representing a decrease of approximately 74.9% as compared to that for FY2019. The drop in net profit for FY2020 is mainly attributable to (i) the drop in the revenue of the Group in FY2020 due to the outbreak of COVID-19 with the logistics of the Group’s goods to and from the affected districts being disrupted and the sales personnel of the Group being subject to travel restriction and restrained from carrying out their normal duties in the PRC; (ii) the drop in the revenue of the Group due to the flooding crisis in the PRC caused by torrential rains, particularly in July and August 2020, which resulted in the temporary suspension of business operation of certain customers of the Group and the suspension of construction projects causing delayed sales orders by certain customers of the Group; (iii) the decrease in government grants and subsidies received in FY2020 and the PRC government postponing the payment of some government grants and subsidies to the year ending 31 December 2021; and (iv) no agency fee income was recorded during FY2020 following the cessation of all aluminium oxide agency service arrangements in December 2019.

As the Company is still in the process of finalising its unaudited consolidated financial results for FY2020, the information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited draft consolidated management accounts of the Group for FY2020 and the information currently available, which has not been reviewed or audited by the Company's auditor or reviewed by the audit committee of the Company. The auditor is in the course of auditing the annual results for FY2020 and the annual results for FY2020 may be subject to significant adjustments, in particular due to the amount of expected credit losses on financial assets not being finalised as at the date of this announcement. The actual results for FY2020 may be different from the information disclosed in this announcement. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the year ended 31 December 2020, which is expected to be published in late March 2021 in accordance with the GEM Listing Rules.

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, 10 February 2021

As at the date of this announcement, the executive Directors are Mr. Dang Fei, Mr. Wang Xiaozhong, Ms. Luo Xi and Mr. Luo Qiang, the non-executive Director is Mr. Wang Haichen and the independent non-executive Directors are Dr. Zuo Xinzhang, Mr. Chan Oi Fat and Ms. Hu Xiaomin.

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 GEM website at www.hkgem.com 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.