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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)

SUBSCRIPTION OF SHARES UNDER GENERAL MANDATE AND DISCLOSEABLE TRANSACTION ACQUISITION OF 70% EQUITY INTEREST IN THE TARGET COMPANY

THE SUBSCRIPTION

On 27 May 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, a total of 120,000,000 Subscription Shares at the Subscription Price of HK\$0.075 per Subscription Share for an aggregate amount of HK\$9 million. The Subscription Price payable by the Subscribers shall be settled by cash.

The Subscription Shares represent 15% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.0% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Subscription Completion save for the issue of the Subscription Shares).

The Subscription Shares will be issued under the General Mandate and will rank equally among themselves and with the existing Shares in issue on the date of allotment and issue of the Subscription Shares.

The Subscription is conditional upon, among others, the Listing Committee agreeing to grant a listing of and permission to deal in the Subscription Shares.

Subscription Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement. As the Subscription Completion may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

THE ACQUISITION

On 27 May 2021 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 70% of the equity interest in the Target Company at the total consideration RMB9,800,000 (equivalent to approximately HK\$11,956,000). After the Acquisition, the Target Company will be held as to 70% by the Purchaser and 30% by Mr. Qin, who is an Independent Third Party of the Company.

As the applicable percentage ratios (as calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceed 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules.

THE SUBSCRIPTION

Subscription Agreement

On 27 May 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscribers, pursuant to which the Subscribers conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue, a total of 120,000,000 Subscription Shares at the Subscription Price of HK\$0.075 per Subscription Share for an aggregate amount of HK\$9 million.

The principal terms of the Subscription Agreement are summarised below.

| | | |
|--|---|---|
| Date | : | 27 May 2021 |
| Issuer | : | the Company |
| Subscriber | : | Mr. Fu |
| Number of Subscription Shares to be issued | : | 120,000,000 Subscription Shares, representing 15% of the existing share capital |
| Subscription Price | : | HK\$0.075 per Subscription Share |
| Aggregate Subscription Price | : | HK\$9 million |

Mr. Fu is currently beneficially interested in 630,000 Shares, representing approximately 0.01% of the issued share capital of the Company as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Mr. Fu is an Independent Third Party as at the date of this announcement and Mr. Fu will become a substantial shareholder of the Company immediately after the completion of the Subscription, who will, upon the Subscription Completion, be interested in 120,630,000 Shares, representing approximately 13.1% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Shares

As at the date of this announcement, the total number of Shares in issue of the Company is 800,000,000 Shares. 120,000,000 Subscription Shares will be allotted and issued upon completion of the Subscription Agreement.

The Subscription Shares represent 15% of the existing issued share capital of the Company as at the date of this announcement and approximately 13.0% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares (assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of Subscription Completion save for the issue of the Subscription Shares).

The aggregate nominal value of the Subscription Shares (with a par value of HK\$0.01 each) is approximately HK\$1,200,000.

Subscription Price

The Subscription Price of each Subscription Share is HK\$0.075, which was negotiated on an arm's length negotiations between the Company and the Subscribers and is a commercial decision reached by the Company with the Subscribers with reference to, among others, the prevailing market price of the Share, the performance of the Group and the future prospects of the business of the Group.

The Subscription Price of HK\$0.075 represents:

- (i) a price which is equal to the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on 27 May 2021, being the date of the Subscription Agreement; and
- (ii) a premium of approximately 6.1% to the average closing price of approximately HK\$0.0704 per Share as quoted on the Stock Exchange for the last five trading days preceding the date of the Subscription Agreement.

Ranking of Subscription Shares

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue on the date of allotment and issue of the Subscription Shares.

Conditions of the Subscription Completion

The Subscription Completion is subject to the fulfilment of the following conditions:

- (i) listing of and permission to deal in all the Subscription Shares being granted by the Listing Committee of the Stock Exchange;
- (ii) the General Mandate is sufficient and valid to the issue and allotment of the Subscription Shares;
- (iii) the Shares not being suspended in trading due to non-compliance with any law or rules;
- (iv) all representations and warranties in the Subscription Agreement remain true, accurate and not misleading in all material aspects upon Subscription Completion; and
- (v) there being no material adverse change in the Group's business, operations or financial conditions from the date of the Subscription Agreement up to the Completion;
- (vi) all necessary approval, authorisation, exemption having obtained by the Company to execute and complete the Subscription Agreement and to perform the obligation under the Subscription Agreement.

None of the above conditions may be waived by any party to the Subscription Agreement.

If the above conditions have not been fulfilled by the Long Stop Date, all rights, obligations and liabilities of the parties under the Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties to the Subscription Agreement shall have any claim against any other in respect of the Subscription for costs, damages, compensation or otherwise save for any antecedent breaches of any provisions of the Subscription Agreement.

Subscription Completion is to take place on the fifth Business Day immediately after the date on which all conditions under the Subscription Agreement are fulfilled (or such other date as may be agreed by the Company and Subscriber).

MANDATE FOR THE ISSUE OF THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by the written resolutions of passed by the Shareholders on 10 June 2020 and 16 June 2020, subject to the limit of up to 20% of the total number of Shares immediately after completion of the Capitalisation Issue (as defined in the Prospectus) and the Share Offer (as defined in the Prospectus), namely 160,000,000 new Shares. Up to the date of this announcement, the General Mandate has not been utilised. As such, the General Mandate will be sufficient for the issue and allotment of the Subscription Shares. As the Subscription Shares will be issued under the General Mandate, the Subscription is not subject to Shareholders' approval.

The 120,000,000 Subscription Shares constitute approximately 75% of the General Mandate and, upon completion of the Subscription, 40,000,000 shares, representing 25% of the General Mandate will remain unutilised.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The gross and net proceeds (after deducting all relevant costs and expenses) of the Subscription is HK\$9 million and approximately HK\$8.9 million, respectively, representing a net price of HK\$0.074 per Subscription Share. The Company intends to utilise the net proceeds as the consideration of the Acquisition. The Subscription and the Acquisition are not inter-conditional. In the event that the Acquisition Completion does not take place, the net proceeds from the Subscription will be used as general working capital of the Group.

Before resorting to the Subscription, the Company had considered other fund-raising alternatives available to the Group, such as debt financing, rights issues and open offer. However, debt financing will result in additional interest burden, given the gearing ratio of the Group was approximately 57.8% as at 31 December 2020 (i.e. gearing ratio is calculated based on the total loans and borrowings divided by total equity as at the year-end date and expressed as a percentage). Accordingly, the Company considers that it is prudent to finance the funding needs of the Group in the form of equity, which will not increase the Group's finance costs. On the other hand, rights issue or open offer usually require discount to the current market price of the Shares and involve the issue of listing documents with other application and administrative procedures, which is relatively more time consuming and less cost effective, the Company considers that the issue of Subscription Shares under General Mandate is a more desirable solution for the Group to reduce the gearing ratio and enlarge the capital base for business development in support of the Acquisition, which is more particularly disclose in this announcement below.

EFFECTS ON SHAREHOLDING

For illustration purpose only, the table below sets out the shareholding structure of the Company based on the following scenarios and taking no account of any other issue or repurchase of Shares by the Company:

| | As at the date of this announcement | | Upon Subscription Completion | |
|---|-------------------------------------|---------------|------------------------------|---------------|
| | Number of Shares | % (Note 4) | Number of Shares | % (Note 4) |
| Mr. Dang Fei and Mr. Dang Jun (Note 1) | 351,280,000 | 43.91 | 351,280,000 | 38.18 |
| Ms. Luo Xi (Note 2) | 8,510,000 | 1.06 | 8,510,000 | 0.93 |
| Mr. Wang Xiaozhong (Note 3) | 99,760,000 | 12.47 | 99,760,000 | 10.84 |
| The Subscriber | 630,000 | 0.01 | 120,630,000 | 13.11 |
| Public Shareholders | 340,450,000 | 42.56 | 339,820,000 | 36.94 |
| Total | <u>800,000,000</u> | <u>100</u> | <u>920,000,000</u> | <u>100</u> |

Notes:

1. Mr. Dang Fei and Mr. Dang Jun are interested on 351,280,000 shares through Red Fly Investment Limited, is a company incorporated in BVI with limited liability on 21 September 2018, which is owned as to 80.79% by Mr. Dang Fei and 19.21% by Mr. Dang Jun and is the controlling shareholders of the Company.
2. Ms. Luo Xi is an executive Director, who beneficially owns 2,160,000 Shares and interested in 6,350,000 Shares through Lockxy Investment Limited, a company incorporated in the BVI with limited liability, which is owned as to 68% by Ms. Luo Xi.
3. Mr. Wang Xiaozhong is an executive Director, who is interested in 99,760,000 Shares through Xseven Investment Limited, a company incorporated in the BVI with limited liability, which is wholly-owned by Mr. Wang Xiaozhong.
4. Percentages shown in the above chart are approximate figures and have been rounded to the nearest tenth of a percent. Accordingly, figures shown as totals in the above chart may not be an arithmetic aggregation of the figures which precede them.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Save as disclosed below, the Company has not undertaken any equity fund raising activities in the past 12 months immediately prior to the date of this announcement:

| Date of announcement/ Prospectus | Fund raising activity | Amount of net proceeds | Proposed use of net proceeds | Actual use of the net proceeds <i>(Note)</i> |
|-------------------------------------|---|---|--|---|
| 24 June 2020 | The Shares were listed on the GEM of the Stock Exchange on 10 July 2020 with a total of 200,000,000 offer Shares issued | In aggregate approximately HK\$20.6 million | Approximately HK\$11.3 will be used for expanding our existing production facilities and production plant; approximately HK\$5.2 million will be used for repaying part of our existing loan; approximately HK\$2.1 million will be used for funding the upfront costs for the commercial production of the Shuneng Plant; and approximately HK\$2.1 million will be used for general working capital of our Group | Approximately HK\$9.8 has been used for expanding our existing production facilities and production plant; approximately HK\$5.2 million has been used for repaying part of our existing loan; approximately HK\$2.1 million has been used for funding the upfront costs for the commercial production of the Shuneng Plant; and approximately HK\$2.1 million has been used for general working capital of our Group |

Note: The amounts of the actual use of net proceeds in this announcement is based on the unaudited consolidated results of the Group for the three months ended 31 March 2021, which has been disclosed in the first quarterly report of the Company for the three months ended 31 March 2021 (the “**Quarterly Report**”). For further information as to the use of proceeds from the share offer, please refer to the paragraph headed “Use of Net Proceeds from the Listing” in the Quarterly Report.

INFORMATION OF THE GROUP

The principal activity of the Company is investment holding, and through its subsidiaries, principally engages in the manufacturing and provision of wires and cables. 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.

Subscription Completion is subject to the satisfaction of the conditions precedent set out in the Subscription Agreement. As the Subscription Completion may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in doubt about their position, they should consult their professional advisers.

THE EQUITY TRANSFER AGREEMENT

On 27 May 2020, the Vendor and the Purchaser entered into the Equity Transfer Agreement, the principle terms of which are set out below.

- Date** : 27 May 2020 (after trading hours)
- Parties** : (i) Mr. Cao Dongni, as the Vendor
- (ii) Saftower Business Management (Guangyuan) Co. Ltd * (蜀塔企業管理(廣元)有限公司), as the Purchaser

THE ACQUISITION

Pursuant to the Equity Transfer Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 70% of the equity interest in the Target Company, free from encumbrance, at the total consideration RMB9,800,000 (equivalent to approximately HK\$11,956,000). After the Acquisition, the Target Company will be held as to 70% by the Purchaser and 30% by Mr. Qin. The Target Company will therefore become a subsidiary of the Company and the financial results will be consolidated into the results of the Group upon the completion of the Acquisition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of this announcement, the Target Company, the Vendor and Mr. Qin are Independent Third Parties of the Company.

The Target Company has undertaken to complete the registration of changing of registered capital and fill its amended article of association to relevant government authority.

Since the Vendor has not paid up the registered capital of the Target Company, out of the RMB9.8 million equity interest held by the Vendor, representing 70% equity interest of the Target Company, RMB7.3 million has been paid up by the Vendor with the balance of RMB2.5 million remaining unpaid and outstanding. The Purchaser is obliged to pay the unpaid and outstanding balance after the completion of the transfer of equity interest.

Consideration

The Consideration is RMB9.8 million (equivalent to approximately HK\$12.0 million). Out of the entire Consideration, RMB7.3 million will be payable to the Vendor and the remaining balance of RMB2.5 million will be payable to the Target Company to fulfil the paid-up capital obligation of the Vendor. The Considerations was arrived at after arm's length negotiation between the parties to Equity Transfer Agreement on normal commercial terms with reference to the total and registered capital contributed and due from the Vendor, which is RMB9.8 million as at the date of this announcement. The Consideration will be settled utilising the entire amount of the proceeds from the Subscription of approximately RMB7.3 million (equivalent to approximately HK\$8.9 million) and the Group's internal resources of approximately RMB2.5 million (equivalent to approximately HK\$3.1 million), in the following manners:

- (i) approximately RMB7.3 million (equivalent to approximately HK\$8.9 million) to be paid to the Vendor in cash within 15 Business Days upon the Subscription Completion; and
- (ii) approximately RMB2.5 million (equivalent to approximately HK\$3.1 million) to be paid to the Target Company so to fulfil the outstanding unpaid capital due from the Vendor to the Target Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the PRC on 1 September 2020. The principal business of the Target Company involves processing of aluminum cast-rolled coil and aluminum plate manufacturing of foil. Its products mainly include aluminum strip, pre-roll coating, diamond plate, presensitised alloy plate and thick foil coil, etc. However, as at the date of this announcement, the Target Company has not yet commenced the commercial production.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited financial information of the Target Company for the year ended 31 December 2020 for months ended 30 April 2021 and the net asset of the Target Company as at 31 December 2020 and 30 April 2021:

| | For the year ended 31 December 2020 | For the four months ended 30 April 2021 |
|----------------------|--|--|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Loss before taxation | 283 | 395 |
| Loss after taxation | 283 | 395 |
| | As at | As at |
| | 31 December 2020 | 30 April 2021 |
| Net assets value | 2,017 | 7,920 |

REASONS AND BENEFITS OF THE CAPITAL INCREASE AND EQUITY TRANSFER

The Group is a regional manufacturer and supplier of wires and cables, with integrated production facilities situated in Chengdu and Guangyuan 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.

Given the (i) increasing trend of the prices in aluminium products in the PRC; (ii) the increasing demand for aluminium products; and (iii) the future prospect of the scrap metal recycling industry in the PRC after consulting industry expert the Directors consider that the future prospect of the upstream aluminium processing industry in the PRC is bright. The Directors consider that the Acquisition would be beneficial to the Group due to the following reasons:

1. since the Target Company is a PRC licensed aluminium recycler, which is permitted to engage in recycling aluminium from scrap metal, after the Acquisition, the Group will be able to purchase the scrap metal from the local recycling industry, especially from nearby recycled metal trading market in Xinjin district and Shuangliu district of Chengdu City, and to recycle the scrap metal during the wire and cable manufacturing process. It is expected that the ability to recycle aluminium by the Target Company will enable the Group to reduce its transporting cost for purchasing raw aluminium and processing cost for smelting raw aluminium;

2. the aluminium products produced by the Target Company can be used as the raw materials for wires and cables manufactured by the Group, and thus reduce the purchase cost of raw materials by the Group and increase the profit margin of the Group; and
3. as the Target Company is capable of engaging in cast-rolled process of aluminium, the Directors believe that the product category offered by the Group can be diversified.

The Directors believe that the Acquisition will enable the Group to expand upstream and reduce the production cost and increase the profit margin of the Group in the long run.

Based on the above, the Directors are of the view that the terms of the Equity Transfer Agreement and the Acquisition are on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as calculated in accordance with Rule 19.06 of the GEM Listing Rules) exceed 5% but are below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

| | |
|--------------------------|--|
| “Acquisition” | the acquisition of the 70% equity interest of the Target Company pursuant to the Equity Transfer Agreement |
| “Acquisition Completion” | completion of the Equity Transfer Agreement in accordance with its terms and conditions |
| “Board” | the board of Directors |
| “Business Day” | any day (excluding Saturday, Sunday and any other public holidays and any day on which a tropical cyclone warning signal no. 8 or above or “extreme conditions” caused by a super typhoons or a “black” rainstorm warning signal is hoisted or remains hoisted in PRC at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which banks generally are open for business in PRC |

| | |
|--------------------------------|--|
| “Company” | China Saftower International Holding Group Limited (中國蜀塔國際控股集團有限公司), an exempted company incorporated under the laws of Cayman Islands whose issued shares are listed on the GEM of the Stock Exchange |
| “connected person(s)” | has the same meaning ascribed to it under the Listing Rules |
| “Considerations” | RMB9.8 million, being the total sum of the consideration payable under the Equity Transfer Agreement |
| “Director(s)” | the director(s) of the Company |
| “Equity Transfer Agreement” | the conditional agreement dated 27 May 2021 entered into between the Vendor and the Purchaser in relation to the Acquisition |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange |
| “General Mandate” | General Mandate granted to the Directors by the written resolutions of passed by the Shareholders on 10 June 2020 and 16 June 2020, subject to the limit of up to 20% of the total number of Shares immediately after completion of the Capitalisation Issue (as defined in the Prospectus) and the Share Offer (as defined in the Prospectus) |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Party(ies)” | any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the GEM Listing Rules |
| “Listing Committee” | the listing sub-committee of the board of the Stock Exchange |
| “Long Stop Date” | 17 June 2021, or such later date as may be agreed between Subscriber and the Company |
| “Mr. Fu” or “Subscriber” | Mr. Fu Chuanrong (付傳榮), who is the subscriber under the Subscription Agreement |
| “Mr. Qin” | Mr. Qin Chunlin (卿春麟) who is the registered owner of 30% equity interest in the Target Company, who is an Independent Third Party as at the date of this announcement |

| | |
|---------------------------|--|
| “PRC” | The People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region and Taiwan) |
| “Prospectus” | the prospectus of the Company issued on 24 June 2020 for the listing of the Shares on Growth Enterprise Market of the Stock Exchange by way of share offer |
| “Purchaser” | Saftower Business Management (Guangyuan) Co. Ltd.* (蜀塔企業管理(廣元)有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company |
| “Share(s)” | the ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Shuneng Plant” | a workshop located within the production plant of and operated by Guangyuan Shuneng Alloy Materials Company Limited* (廣元蜀能合金材料有限公司), a company established in the PRC with limited liability on 24 January 2018 and an indirect wholly-owned subsidiary of our Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription” | the subscription of the Subscription Shares by the Subscribers at the Subscription Price for Subscription Shares under the Subscription Agreement |
| “Subscription Agreement” | the conditional agreement dated 27 May 2021 entered into between the Company and Mr. Fu in relation to the subscription of 80,000,000 Subscription Shares at the Subscription Price |
| “Subscription Completion” | completion of the Subscription Agreement in accordance with its terms and conditions |
| “Subscription Price” | HK\$0.075 per Subscription Share |
| “Subscription Shares” | 120,000,000 new Shares |
| “Substantial Shareholder” | has the meaning ascribed to it under the GEM Listing Rules |
| “Target Company” | Yaan Baosheng Metal Material Co., Ltd.* (雅安寶盛金屬材料有限公司), a company incorporated in the PRC with limited liability |

| | |
|----------|--|
| “Vendor” | Mr. Cao Dongni (曹東尼), who is the registered owner of 70% equity interest in the Target Company, who is an Independent Third Party of the Company as at the date of this announcement |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent |

For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into HK\$ is based on the approximate exchange rate of RMB1 to HK\$1.22. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rate or at all.

The English names of entities marked with “” for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as their official English translation*

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

Hong Kong, 27 May 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 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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the day of its publication. This announcement will also be published on the Company’s website at www.saftower.cn.