CHINA WEAVING MATERIALS HOLDINGS LIMITED
中國織材控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3778)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "**Board**") of directors (the "**Directors**") of China Weaving Materials Holdings Limited (the "**Company**") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Note	**2025 (unaudited) *RMB'000***	2024 (unaudited) *RMB'000*
Revenue	*4*	**511,461**	577,898
Cost of sales		**(479,335)**	(552,811)
Gross profit		**32,126**	25,087
Other income	*5*	**11,621**	12,896
Other losses	*6*	**(759)**	(1,321)
Distribution and selling expenses		**(10,139)**	(9,411)
Administrative expenses		**(21,820)**	(21,059)
Finance costs	*7*	**(8,643)**	(10,236)
Profit/(Loss) before tax		**2,386**	(4,044)
Income tax (expense)/credit	*8*	**(12,482)**	996
Loss and total comprehensive expense for the period	*9*	**(10,096)**	(3,048)
Loss per share	*11*		
Basic		**(RMB0.81) cents**	(RMB0.24) cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2025 (unaudited)** *RMB'000*	31 December 2024 (audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**812,643**	849,007
Right-of-use assets		**38,684**	39,485
Deposits on acquisition of property, plant and equipment		**300**	165
Goodwill		**20,617**	20,617
		872,244	909,274
Current assets			
Inventories		**238,779**	193,141
Trade and other receivables	*12*	**19,161**	20,897
Bills receivable		**2,203**	3,780
Pledged bank deposits		**52,198**	57,164
Short-term time deposits		**–**	4,623
Cash and bank balances		**195,142**	209,091
		507,483	488,696
Current liabilities			
Trade and other payables	*13*	**215,951**	205,524
Derivative financial instruments		**–**	96
Contract liabilities		**20,149**	4,740
Bills payable		**65,198**	71,264
Deferred income		**264**	264
Bank and other borrowings		**317,561**	402,732
Current tax liabilities		**1,908**	–
		621,031	684,620
Net current liabilities		**(113,548)**	(195,924)
Total assets less current liabilities		**758,696**	713,350

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30 June 2025 (unaudited) *RMB'000*	31 December 2024 (audited) *RMB'000*
Non-current liabilities		
Deferred income	**5,642**	5,774
Bank and other borrowings	**55,000**	10,000
Deferred tax liabilities	**31,358**	20,784
	92,000	36,558
NET ASSETS	**666,696**	676,792
Capital and reserves		
Equity attributable to owners of the Company		
Share capital	**101,989**	101,989
Reserves	**564,707**	574,803
TOTAL EQUITY	**666,696**	676,792

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

1. BASIS OF PREPARATION

This unaudited condensed consolidated financial information has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated financial information should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2024. The accounting policies and methods of computation used in the preparation of this unaudited condensed consolidated financial information are consistent with those used in the audited consolidated financial statements of the Group for the year ended 31 December 2024 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2025.

At 30 June 2025, the Group's current liabilities exceeded its current assets by approximately RMB113,548,000 and the Group incurred net loss of approximately RMB10,096,000 for the six months ended 30 June 2025. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the unaudited condensed consolidated financial information has been prepared on a going concern basis as the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

(a) The banking facilities from the Group's bankers for its working capital requirements for the next twelve months will be available as and when required, having regard to the following:

(i) The Group can successfully obtain its bankers' approval for rollover of its short-term bank borrowings. Up to the date of the unaudited condensed consolidated financial information authorised for issue, certain bankers renewed or agreed to renew the Group's bank borrowings amounting to approximately RMB40,000,000 currently included in current liabilities at 30 June 2025.

(ii) Subsequent to the date of the reporting period, the Group has also successfully obtained new banking facilities of approximately RMB18,000,000.

(iii) The Group will also continue to seek for further financing. Certain existing property, plant and equipment and right-of-use assets can be offered as security for further financing.

(b) The Group is closely monitoring the latest developments and will continue to assess the impact of any change in government policy, global financial market, economy and business environment on the Group's operations from time to time and adjust its production and sales strategies for its business to generate sufficient operating cash flows.

Having taken into account the above, the directors consider that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the next 12 months. Accordingly, the unaudited condensed consolidated financial information has been prepared on a going concern basis.

Should the Group be unable to operate as a going concern in the foreseeable future, adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in this unaudited condensed consolidated financial information.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current period, the Group has adopted all the new and revised IFRS Accounting Standards issued by the IASB that are effective for its accounting year beginning on 1 January 2025. IFRS Accounting Standards comprise International Financing Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new development does not have any impact on the Group's unaudited condensed consolidated financial information. The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

The accounting policies applied in this unaudited condensed consolidated financial information are consistent with those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2024, except for the first time adoption of new and revised IFRS Accounting Standards, which are mandatorily effective for the period beginning on or after 1 January 2025 as set out below:

Amendments to IAS 21 – Lack of exchangeability

The adoption of this revised standards does not have significant impact on this unaudited condensed consolidated financial information. The Group has not early adopted any of the forthcoming new or amended standards in preparing this unaudited condensed consolidated financial information.

3. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment under IFRS 8 "Operating Segments" focusing on operation of manufacturing and trading of yarns. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conformed to IFRS Accounting Standards as disclosed in note 2, that are regularly reviewed by the chief operating decision maker ("**CODM**") which has been defined as the executive director of the Company. The CODM regularly reviews the overall results, assets and liabilities of the Group as a whole to make decisions about resource allocation and performance assessment. Accordingly, no separate analysis of the single operating segment other than entity-wide information is presented.

Geographical information

Over 99% (for the six months ended 30 June 2024: 99%) of the Group's non-current assets were located in the PRC, and accordingly, no related geographical information of non-current assets is presented.

Over 99% (for the six months ended 30 June 2024: 99%) of the Group's revenue were derived from sales of yarns in the PRC based on where goods are delivered to, which are also same as the location of customers.

Information about major customers

No revenue from single customer contributed over 10% of the total revenue of the Group in both periods.

4. REVENUE

The principal activities of the Group are manufacturing and trading of yarns. The Group derives revenue from transfer of goods at a point in time.

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15 Revenue from Contracts with Customers		
– Sales of yarns	**511,461**	577,898

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Interest income	**1,308**	1,642
Government grants	**187**	1,063
Income from scrap sales	**9,388**	9,271
Rental income	**700**	588
Others	**38**	332
	11,621	12,896

6. OTHER LOSSES

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Net foreign exchange loss	**(370)**	(681)
Loss on disposal of property, plant and equipment	**(480)**	(633)
Reversal of allowance for impairment loss on trade receivables	**27**	–
Realised gain on settlement of derivative financial instruments	**64**	–
Others	**–**	(7)
	(759)	(1,321)

7. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**8,643**	10,236

8. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Current tax:		
PRC Corporate Income Tax ("**CIT**")		
Provision for the period	**(1,500)**	(500)
Under-provision in prior years	**(408)**	–
Deferred tax	**(10,574)**	1,496
	(12,482)	996

No provision for Hong Kong Profits Tax for the six months ended 30 June 2025 and 2024 have been made as there is no assessable profit subject to Hong Kong Profits Tax.

CIT is calculated at the prevailing tax rate on the taxable income of the subsidiaries or applicable withholding income tax rate on dividends paid by the subsidiaries in the PRC.

For the six months ended 30 June 2024, Jiangxi Huachun Color Spinning Technology Development Co., Ltd. ("**Huachun**") was benefited from the preferential tax rate of 15% applicable to State-encouraged High-new Technology Enterprises ("**HNTE**"). Based on a preliminary assessment of the current eligibility criteria, Huachun expects to be subject to the normal CIT rate of 25% for the six months ended 30 June 2025. Huachun is continuing to evaluate its position regarding the HNTE status for the full financial year.

Jinyuan Textile Co., Ltd, Jiungxi ("**Jiangxi Jinyuan**") is subject to the normal CIT tax rate at 25% for the six months ended 30 June 2025 and 2024.

9. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Depreciation		
– Owned property, plant and equipment	**37,814**	38,114
– Right-of-use assets	**801**	815
Cost of inventories sold	**479,335**	552,811

10. DIVIDENDS

At a meeting held on 28 August 2025, the Board of Directors declared an interim dividend of HK1.5 cents per ordinary share. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated financial information but will be reflected as an appropriation of retained profits for the year ending 31 December 2025.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of calculating basic loss per share (loss for the period attributable to owners of the Company)	**(10,096)**	(3,048)

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,252,350**	1,252,350

No diluted loss per share has been presented as there were no potential dilutive shares outstanding for the six months ended 30 June 2025 and 2024.

12. TRADE AND OTHER RECEIVABLES

	30 June 2025	31 December 2024
	(unaudited)	(audited)
	RMB'000	*RMB'000*
Trade receivables	**11,502**	10,240
Less: Allowance for doubtful debt	**(625)**	(652)
	10,877	9,588
Advance payments to suppliers	**7,463**	9,690
Prepayments and other receivables	**821**	1,619
	19,161	20,897

The following is an analysis of trade receivables by age, based on the invoice date which approximates the respective revenue recognition dates, net of allowance:

	30 June 2025 (unaudited)	31 December 2024 (audited)
	RMB'000	*RMB'000*
0 – 30 days	**9,625**	8,996
31 – 90 days	**1,252**	592
	10,877	9,588

13. TRADE AND OTHER PAYABLES

	30 June 2025 (unaudited)	31 December 2024 (audited)
	RMB'000	*RMB'000*
Trade payables	**24,641**	13,733
Other payables	**8,761**	9,185
Other tax payables	**14,223**	20,126
Accrued salaries and wages	**12,483**	17,488
Other accrued charges	**155,637**	144,306
Payables for acquisition of property, plant and equipment	**206**	686
	215,951	205,524

The following is an analysis of trade payables by age, based on the invoice date which approximates the respective dates when the goods are delivered and the titles have passed to the Group:

	30 June 2025 (unaudited)	31 December 2024 (audited)
	RMB'000	*RMB'000*
0 – 30 days	**17,895**	9,174
31 – 90 days	**3,147**	–
91 – 180 days	**2,542**	3,290
181 – 365 days	**–**	212
Over 365 days	**1,057**	1,057
	24,641	13,733

MARKET OVERVIEW

During the six months ended 30 June 2025, the global economy continues to face numerous challenges. The ongoing military conflict between Russia and Ukraine (the "**Russia-Ukraine Conflict**") remains unresolved despite various ceasefire efforts. The conflict between Israel and Hamas (the "**Gaza Conflict**") has subsided with the Israeli military forces taking control of Gaza. However, tensions in the Middle East continue as Israel and Iran engaged in airstrikes (the "**Israel-Iran Conflict**") for twelve days in June before agreeing to a ceasefire. Inflationary pressures in major global economies have moderated to some extent, but interest rates remain relatively high, suppressing global consumption and investment demand. In April, the Trump Administration of the United States of America (the "**US**") announced the imposition of a Reciprocal Tariff on imports into the US ("**the Reciprocal Tariff**"), disrupting global trade and introducing significant uncertainties into the global economy. The Gross Domestic Product ("**GDP**") of the US decreased by around 0.5% for the first quarter and grew by around 3.0% in the second quarter of 2025 respectively. The economic growth of the European Union (the "**EU**") remains weak, with a GDP growth of about 0.5% and 0.2% in the first and second quarter of 2025 respectively. The People's Republic of China (the "**PRC**") recorded a GDP growth of approximately 5.4% in and 5.2% in the first and second quarter of 2025 respectively.

International crude oil prices experienced volatility in the first half of 2025, with prices fluctuating from around USD80 to below USD60 per barrel. Heightened geopolitical risks, unresolved trade tensions and policy changes have added myriad uncertainties to the oil markets. Since the start of 2025, major economic forecasters have reduced their global GDP projections for 2025 by roughly half percent to around 2.8%. At the same time, the Organization of the Oil Exporting Countries + ("**OPEC+**") producer group, led by Saudi Arabia, decided to start unwinding oil production curbs in May 2025. The anticipated output increase from the OPEC+ and the impact of higher tariffs on trade drove oil prices to four-year lows in April and early May. International crude oil prices followed a downward trend since reaching a peak of around USD80 per barrel in January and fell below USD60 per barrel in May. However, oil prices have since rebounded after an exchange of airstrikes between Israel and Iran in June with international crude oil prices rising above USD75 per barrel for a short period of time in June. The downward trend of oil prices has affected other petroleum related products, including raw materials for polyester yarn products. The downward pressure of raw materials has a lock on effect on polyester yarn products and generated unfavourable market conditions.

International cotton prices remained stable for the first half of 2025, trading at around USD0.65 per pound for most of the time with little fluctuations. The average international cotton prices for the six months ended 30 June 2025 were significantly lower than that of the corresponding period of 2024. The high global interest rate environment and economic uncertainties continued to exert pressure on international cotton prices. Domestic cotton prices in China also showed little fluctuations in the first half of 2025, trading at around RMB14,500 per ton for most of the time. The average domestic cotton prices for the six months ended 30 June 2025 were lower than that of the corresponding period of 2024. The PRC government maintained its policies on cotton reserves, direct subsidies to cotton farmers, and orderly auctions of cotton reserves, with no significant policy-driven impact on domestic cotton prices. The weakness in international and domestic cotton prices was mainly due to weak market demand.

The textile industry continued to face multiple challenges in the first half of 2025. The complex international trade environment, ongoing global supply chain adjustments, and consistently high domestic production costs exerted significant pressures on the industry. On the domestic sales front, according to data from China's National Bureau of Statistics, retail sales of textile products by designated large-scale enterprises reached approximately RMB1.12 trillion for the first half of 2025. This represented a year-on-year decrease of about 1.9%. On the export front, data from China's General Administration of Customs showed that China's exports of yarn, fabrics, and textile products and apparel in the first half of 2025 were approximately USD70.8 billion and USD76.4 billion, respectively, representing year-on-year declines of about 2.1% and 0.2%, indicating continued weakness in the market.

BUSINESS REVIEW

The sales volume of yarn products of the Group decreased by 7.9% from approximately 49,113 tonnes for the six months ended 30 June 2024 to approximately 45,254 tonnes for the six months ended 30 June 2025. The decrease in sales volume was mainly due to unfavourable market conditions. The production volume of yarn products of the Group slightly increased by 2.2% from approximately 50,000 tonnes for the six months ended 30 June 2024 to approximately 51,113 tonnes for the six months ended 30 June 2025.

The revenue of the yarn products of the Group decreased by 11.5% to approximately RMB511.5 million for the six months ended 30 June 2025 as compared to RMB577.9 million for the six months ended 30 June 2024. The gross profit and the loss attributable to the owners of the Company for the six months ended 30 June 2025 were approximately RMB32.1 million and approximately RMB10.1 million, respectively.

Jinyuan Textile Co. Ltd., Jiangxi ("**Jinyuan**"), a subsidiary of the Group, has suspended production of workshop number one for revamp evaluation. Workshop number one has a production capacity of around 60,000 spindles but it was built almost 20 years ago. The technologies employed has been outdated and the production process has been labour intensive. Its production capacity was replaced by workshop number nine which become fully operational in late 2023. Workshop number nine has a production capacity of around 50,000 spindles. It employs the latest technology and is highly automated. Such replacement arrangement greatly increased the efficiency of Jinyuan while maintaining the overall capacity of the Group at approximately 0.76 million spindles. As the current market conditions are unfavourable, the Group has decided to continue the suspension of workshop number one. The Group regularly reviews its production facilities with the aim of adapting to market conditions and improving efficiency.

The Group also constantly adjusted its product portfolio in response to the rapidly changing market environment. Following the cessation of the production and sales of viscose and stretchable core viscose yarn products in 2024, workshop number five of Jinyuan, with a production capacity of around 40,000 spindles, changed from the production of polyester yarn products to grey and deep grey melange yarns products in 2025. Polyester yarn products faced intense competition due to their low entry barrier and yield little margin. In contrast, grey and deep grey melange yarns products have a higher entry barrier and generate better margin than polyester yarn products.

In the first half of 2025, domestic market of the PRC's textile industry has been very competitive. In the meantime, the export market for textile products remains challenging under the current economic conditions, the situation was exacerbated by the introduction of Reciprocal Tarriff by the Trump administration against all trading partners in April. As the final Reciprocal Tarriff with many trading partners still remained unsettled as at the date of this announcement, this created a lot of uncertainties for exporters targeting the US market. Some of our downstream customers engaging in export business have been affected and become very cautious. In response to the market conditions, the Group closely monitored the market trends and adjusted its product portfolio and production arrangements accordingly. The Group also enhanced its marketing effort by increasing interactions with its customers. The Group also adopted an aggressive pricing strategy for certain mass market products, in particular polyester yarn products in order to achieve sufficient sales volume to maintain the economy of scale.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2025 was approximately RMB511.5 million, representing a decrease of approximately RMB66.4 million, or 11.5%, as compared to the corresponding period of last year. An analysis of the sales of the Group's products is set forth below:

	Six months ended 30 June 2025 (unaudited)		Six months ended 30 June 2024 (unaudited)	
	RMB'000		*RMB'000*	
Polyester yarns	**180,520**	**35.3%**	220,653	38.2%
Polyester-cotton blended yarns	**177,723**	**34.7%**	197,098	34.1%
Grey and deep grey mélange yarns	**153,218**	**30.0%**	135,816	23.5%
Others	**–**	**–**	24,331	4.2%
	511,461	**100.0%**	577,898	100.0%

The decrease in the revenue of the Group for the six months ended 30 June 2025 was mainly attributable to the decrease in sales volume of the yarn products from approximately 49,113 tonnes for the six months ended 30 June 2024 to approximately 45,253 tonnes for the six months ended 30 June 2025. The decrease in sales volume was mainly due to unfavourable market conditions and the adjustment of the product mix of the Group. The average selling price of yarn products of the Group decreased to approximately RMB11,302 per tonne for the six months ended 30 June 2025 compared to approximately RMB11,767 per tonne for the six months ended 30 June 2024.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased from approximately RMB25.1 million for the six months ended 30 June 2024 to approximately RMB32.1 million for the six months ended 30 June 2025. The gross profit margin of the Group increased from approximately 4.3% for the six months ended 30 June 2024 to approximately 6.3% for the six months ended 30 June 2025. The increase in gross profit was mainly due to the increase in gross profit margin partly offset by decrease in sales volume. The decrease in sales volume was mainly due to poor market conditions. The increase in gross profit margin was mainly due to reduction in cost of sales arising from lower costs of raw material and change in product mix. The Group has adjusted its product portfolio in response to the market situation, focusing more on grey and deep grey melange yarn products. Such products have a higher entry barrier and generally generate better margins than polyester yarn products, which are highly competitive due to its low entry barrier.

Other Income

Other income of the Group decreased from approximately RMB12.9 million for the six months ended 30 June 2024 to approximately RMB11.6 million for the six months ended 30 June 2025, representing a decrease of approximately RMB1.3 million or 9.9%. The decrease in other income was mainly due to the decrease in government grants and interest income.

Other Losses

Other losses of the Group decreased from approximately RMB1.3 million for the six months ended 30 June 2024 to approximately RMB0.8 million for the six months ended 30 June 2025, representing a decrease of approximately RMB0.5 million or 42.5%. The decrease in other losses was mainly due to decrease in net foreign exchange loss and loss on disposal of property, plant and equipment.

Distribution and Selling Expenses

Distribution and selling expenses of the Group increased from approximately RMB9.4 million for the six months ended 30 June 2024 to approximately RMB10.1 million for the six months ended 30 June 2025, representing an increase of approximately RMB0.7 million or 7.7%. The increase was mainly due to change in customers and destination mix. Distribution and selling expenses accounted for approximately 2.0% of total revenue of the Group for the six months ended 30 June 2025 (six months ended 30 June 2024: 1.6%).

Administrative Expenses

Administrative expenses of the Group slightly increased from approximately RMB21.1 million for the six months ended 30 June 2024 to approximately RMB21.8 million for the six months ended 30 June 2025, representing an increase of approximately RMB0.8 million or 3.6%. The increase in administrative expenses was mainly due to the increase in staff cost. Administrative expenses accounted for approximately 4.3% of total revenue of the Group for the six months ended 30 June 2025 (six months ended 30 June 2024: 3.6%).

Finance Costs

Finance costs of the Group decreased from approximately RMB10.2 million for the six months ended 30 June 2024 to approximately RMB8.6 million for the six months ended 30 June 2025, representing a decrease of approximately RMB1.6 million or 15.6%. The decrease in finance costs was mainly due to reduction in bank borrowings, a lower Loan Prime Rate ("**LPR**") for the six months ended 30 June 2025 as compared with that for the six months ended 30 June 2024 and better terms secured by the Group upon refinancing of bank loans.

Income Tax (Expense)/Credit

The Group's income tax expense for the six months ended 30 June 2025 was approximately RMB12.5 million as compared with an income tax credit of approximately RMB1.0 million for the six months ended 30 June 2024. The increase in income tax expense was mainly due to the increase in deferred tax liabilities arising from the change in tax rates applicable to a subsidiary of the Group in the PRC.

Loss attributable to Owners of the Company and Net Loss Margin

Loss attributable to owners of the Company increased from approximately RMB3.0 million for the six months ended 30 June 2024 to approximately RMB10.1 million for the six months ended 30 June 2025, representing an increase of approximately RMB7.1 million or 2.3 times. The increase in loss attributable to owners of the Company was mainly due to the increase in income tax expense. The net loss margin of the Group increased from approximately 0.5% for the six months ended 30 June 2024 to approximately 2.0% for the six months ended 30 June 2025. The deterioration in the net loss margin was due to the increase in net loss mainly resulting from the increase in income tax expense.

Loss per Share

The basic loss per share of the Company increased from approximately RMB0.24 cents for the six months ended 30 June 2024 to approximately RMB0.81 cents for the six months ended 30 June 2025, representing an increase of approximately RMB0.57 cents or 2.3 times. The increase in loss per share of the Company was due to the increase in the net loss for the six months ended 30 June 2025.

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and facilities provided by its bankers in the PRC. During the six months ended 30 June 2025, the Group had a net cash inflow from operating activities. The Group had cash and bank balances of approximately RMB195.1 million (31 December 2024: RMB209.1 million), nil short-term time deposits (31 December 2024: RMB4.6 million), pledged bank deposits of approximately RMB52.2 million (31 December 2024: RMB57.2 million) at 30 June 2025. The Group's cash and bank balances were mainly held in RMB.

Capital Structure and Pledge of Assets

The Group's interest-bearing borrowings were mainly made in RMB. At 30 June 2025, the Group's interest-bearing borrowings amounted to approximately RMB372.6 million (31 December 2024: RMB412.7 million), RMB317.6 million (85.2%) of which (31 December 2024: RMB402.7 million (97.6%)) was repayable within one year or on demand. The Group's banking facilities were secured by its right-of-use assets, properties, plant and equipment and pledged bank deposits with a carrying value of approximately RMB418.7 million in aggregate as at 30 June 2025 (31 December 2024: RMB433.1 million).

Gearing Ratio

The gearing ratio of the Group, which is equal to the total of bank and other borrowings and bills payable to total assets, was approximately 31.7% at 30 June 2025 (31 December 2024: 34.6%). Net current liabilities and net assets at 30 June 2025 were approximately RMB113.5 million (31 December 2024: RMB195.9 million) and RMB666.7 million (31 December 2024: RMB676.8 million), respectively.

Foreign Exchange Exposure

The Group has foreign currency cash and bank balances, other receivables, other borrowing and other payables (31 December 2024: cash and bank balances, short-term time deposits, other receivables, other borrowing and other payables), which mainly expose the Group to risks in Hong Kong Dollar and United States Dollar. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as at 30 June 2025 were approximately RMB1.7 million (31 December 2024: RMB5.9 million) and RMB5.1 million (31 December 2024: RMB5.7 million), respectively. The Group had not used any financial instrument for hedging purposes during the six months ended 30 June 2025.

Contingent Liabilities

As at 30 June 2025, the Group did not have any contingent liabilities.

Employees, Remuneration and Share Option Scheme

As at 30 June 2025, the Group had a total of 2,436 employees (31 December 2024: 2,410). Remuneration for employees, including the Directors, is determined in accordance with performance, professional experiences and the prevailing market practices. The Group's management reviews the Group's employee remuneration policy and arrangement on a regular basis. Apart from pension, discretionary bonus will also be granted to certain employees as awards in accordance with individual performance. The Company had adopted a share option scheme on 25 June 2021, under which the Company may grant options to eligible persons including Directors and employees. No share option has been granted pursuant to the scheme since its adoption.

Significant Investments and Material Acquisitions and Disposal of Subsidiaries

During the six months ended 30 June 2025, the Group did not have any significant investments or acquisitions or disposal of subsidiaries.

PROSPECTS

During the six months ended 30 June 2025, the textile industry faced a lot of challenges. The Russia Ukraine Conflict and Gaza Conflict were still on-going, major developed economies continue to suffer from low growth. Although the Federal Reserve in the US has reduced the federal funds rate by one percent during September to December 2024, the target range for the federal funds rate has remained at 4.25% to 4.5% since January 2025. The introduction of the Reciprocal Tariff by the Trump administration in the US in April has further disrupted global trade and increased the risk of inflation in the US, making the reduction in interest rate in the US uncertain. The above factors have suppressed global demand and consumption. Other unfavourable factors such as complicated international trade environment, restructuring of global supply chain and high domestic production cost also contributed to the weakness in the export market for the textile products of the PRC. The PRC government has been lowering the Loan Prime Rates ("**LPR**") since the formation of the LPR quotation system in 2019 and it has also implemented various policies to stimulate the economy over the past few years. However, under the influence of the complex external environment, the domestic sales of the PRC's textile industry showed little sign of recovery.

Looking forward to the second half of 2025, with the continuing implementation of various stimulus policies by the PRC government, it is expected that the PRC economy will maintain its resilience and continue to grow. However, the export market will remain weak under the current macro environment and the domestic consumer market is likely to remain uncertain due to insufficient consumer confidence.

The Group considers the future of the textile market is challenging. The Group will continue to closely monitor the market conditions and take necessary measures to adjust its inventory level, production capacities, product mix and pricing strategy. The Group will continue to emphasize industrial safety and seek improvement in efficiency in the production process by means of automation. Taking into account the benefits from the increased level of automation and the economies of scale, the Group believes it is well positioned to take advantage of any turnaround in the textile industry.

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board declared an interim dividend for the six months ended 30 June 2025 of HK 1.5 cents per share to the shareholders of the Company (the "**2025 Interim Dividend**"). The register of members of the Company will be closed from Tuesday, 16 September 2025 to Wednesday, 17 September 2025 (both days inclusive). During this period, no transfer of shares will be registered. In order to qualify for the 2025 Interim Dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 September 2025. The 2025 Interim Dividend will be paid on or about Wednesday, 15 October 2025 to those shareholders on the register of members on Wednesday, 17 September 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company during the six months ended 30 June 2025.

CODE OF CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, during the six months ended 30 June 2025, the Company had complied with the code provisions of the existing Corporate Governance Code (the "**CG Code**") and Corporate Governance Report as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

In respect of code provision D.2.5 of Part 2 the CG Code, the Company has not set up an internal audit ("**IA**") function. Having considered the size and complexity of the operations of the Group and the potential cost involved in setting up an IA function, the Company considers the existing organisation structure and the close supervision of the executive management could provide sufficient internal control and risk management for the Group. The Audit Committee under the Board will review the effectiveness of the internal control and risk management of the Group. The Board will conduct a review for the need of an IA function on an annual basis.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the code of conduct governing the Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, each of them has complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The audit committee of the Company has reviewed together with the management the accounting principles and policies adopted by the Group and reviewed the unaudited condensed consolidated financial information for the six months ended 30 June 2025.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and on the website of the Company at **www.chinaweavingmaterials.com**. The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere gratitude to the Group's management and staff members for their dedication and hard work, customers for their confidence and support for the Group's products, suppliers and shareholders for their trust and support and various government bodies for their support.

By order of the Board
China Weaving Materials Holdings Limited
Zheng Hong
Chairman

Hong Kong, 28 August 2025

As at the date of this announcement, the Board comprises Mr. Zheng Yongxiang as the executive Director; Mr. Zheng Hong as the non-executive Director; Mr. Wong Tak Shing, Mr. Xu Yiliang and Ms. Chow Sin Yee Caroline as the independent non-executive Directors.