CHINA WEAVING MATERIALS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 3778

2026
INTERIM REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS (THE "BOARD")

Executive Director
Mr. Zheng Yongxiang

Non-Executive Director
Mr. Zheng Hong *(Chairman)*

Independent Non-Executive Directors
Mr. Wong Tak Shing
Mr. Xu Yiliang
Ms. Chow Sin Yee Caroline

BOARD COMMITTEES

Audit committee
Mr. Wong Tak Shing *(Chairman)*
Mr. Xu Yiliang
Ms. Chow Sin Yee Caroline

Remuneration committee
Mr. Xu Yiliang *(Chairman)*
Mr. Wong Tak Shing
Mr. Zheng Hong
Ms. Chow Sin Yee Caroline

Nomination committee
Mr. Zheng Hong *(Chairman)*
Mr. Wong Tak Shing
Mr. Xu Yiliang
Ms. Chow Sin Yee Caroline

COMPANY SECRETARY

Mr. Cheung Chi Fai Frank

AUTHORISED REPRESENTATIVES

Mr. Zheng Hong
Mr. Cheung Chi Fai Frank

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B5, 22 Floor,
NCB Innovation Centre,
888 Lai Chi Kok Road,
Kowloon,
Hong Kong

MANUFACTURING BASE IN THE PEOPLE'S REPUBLIC OF CHINA

Fengtian Development Zone
Fengxin County
Jiangxi Province, PRC

Corporate Information

LEGAL ADVISERS

As to Hong Kong law:
Morgan, Lewis and Bockius

As to PRC law:
Jiangxi Kangtuo Law Offices

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor

CAYMAN ISLANDS PRINCIPAL SHARE REGISTER AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTER AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China (Fengxin Sub-branch)
Bank of China (Fengxin Sub-branch)
Bank of Communications Limited (Nanchang Donghu Sub-branch)
Bank of Ganzhou
Bank of Jiujiang
China Construction Bank Corporation (Fengxin Sub-branch)
China Everbright Bank Co. Ltd. (Nanchang Branch)
China Merchant Bank (Nanchang Branch)
Fengxin Rural Commercial Bank
Industrial and Commercial Bank of China Limited (Fengxin Sub-branch)
Industrial Bank Co. Ltd. (Nanchang Branch)
Shanghai Pudong Development Bank Co. Ltd. (Nanchang Branch)

COMPANY WEBSITE

www.chinaweavingmaterials.com

STOCK CODE

3778

Management Discussion and Analysis

MARKET OVERVIEW

During the six months ended June 30, 2026, the global economy faced headwinds from geopolitical conflicts, drastic swings in energy prices and persistent trade barriers, resulting in sluggish overall growth and divergent performance across economies. The high-interest-rate environment continued to weigh on consumption and investment. The textile industry grappled with dual pressures of rising costs and weakening demand.

The Russia-Ukraine military conflict (the "**Russia-Ukraine Conflict**") remained a long-running standoff with no signs of a full ceasefire. The Middle East emerged as the biggest risk hotspot in first half of 2026. Military clashes between the United States of America (the "**US**") and Iran (the "**US-Iran Conflict**") broke out in February, disrupting shipping through the Strait of Hormuz and fuelling expectations of tighter global crude supply. Regional risk premiums eased only after the two sides reached a temporary ceasefire in June, yet underlying frictions persisted. On the trade front, the US maintained reciprocal tariff policies without easing trade barriers for manufactured goods including textiles and chemicals. Global supply chains accelerated regionalization amid mounting uncertainty over international trade.

Macroeconomic data showed stark divergence across major economies. US GDP rose 2.1% year-on-year in the first quarter of 2026, climbing to 2.6% in the second quarter driven by AI industry investment. Consumer spending remained resilient, though high interest rates suppressed manufacturing investment. The European Union (the "**EU**") economy stayed feeble, posting GDP growth of merely 0.3% and 0.6% in quarter one and quarter two respectively, dragged down by elevated energy costs and insufficient end-user demand. The economy of the Peoples Republic of China ("**PRC**") operated steadily, with GDP expanding 4.9% and 4.7% in quarter one and quarter two respectively. High-end manufacturing and new energy exports acted as key pillars, while recovery in traditional consumption lagged behind expectations. Major institutions revised down their full-year global GDP growth forecast to 2.8% mid-year, citing geopolitical risks, high interest rates and sluggish demand as core drag factors.

Brent crude traded within a range of USD61 to 126 per barrel in the first half of 2026, with far greater volatility than seen in 2025. At the start of the year, oil prices lingered between USD60 to 72 per barrel amid market expectations of production hikes by the Organization of the Oil Exporting Countries + ("**OPEC+**") and ample US shale oil supply. The US-Iran Conflict erupted in late February, disrupting supply chains and slashing strait shipping volumes, pushing oil prices swiftly above USD100 per barrel. Prices stabilized in the USD90 to 110 range from March to May. After the June ceasefire deal restored shipping routes and eased risk aversion, crude prices tumbled back to roughly USD73 per barrel. On the supply side, OPEC+ kept production cut measures in place and only planned modest output increases for August, leaving limited short-term supply flexibility. Sharp oil price swings rippled downstream to the chemical and polyester yarn sectors.

In contrast to persistently weak cotton prices in 2025, domestic and international cotton prices trended markedly higher in the first half of 2026. ICE cotton futures traded mostly at 78–90 US cents per pound. Key bullish drivers included Higher energy and logistics costs across the full industrial chain stemming from Middle East conflicts; Forecasts of reduced new-season cotton output in the Southern Hemisphere; Phased restocking purchases by overseas textile mills. However, elevated global interest rates capped end-consumer demand, preventing sustained unilateral rallies and locking cotton prices into range-bound volatility. China's standard grade lint cotton traded between RMB16,000 to 17,700 per tonne in the first half of 2026, which was higher than that of the corresponding period in 2025. There was no change in policies including state cotton reserve auctions and direct subsidies for cotton farmers. Downstream textile mills generally adopted a prudent short-term purchasing strategy, with sharply reduced volumes of long-term supply contracts.

Management Discussion and Analysis

The external operating environment for the textile sector remained complex in the first half of 2026, marked by rigid hikes in raw material, ocean freight and labour costs alongside ongoing supply chain restructuring. Nevertheless, domestic retail and export figures rebounded into positive territory compared to 2025. Data from the National Bureau of Statistics showed retail sales of textiles and apparel by above-quota enterprises rose 6.7% year-on-year in the first half of 2026, reversing the downward trend recorded last year. Sportswear and light-luxury apparel outperformed the market, while demand for affordable basic textile products stayed muted, widening segmentation across the sector. On the export front, Customs statistics indicated combined textile and apparel exports grew 1.4% year-on-year, ending two consecutive years of export declines in the first half. Export order volumes expanded in emerging markets including Southeast Asia and the Middle East, while traditional European and American markets lagged due to tariff barriers and sluggish consumer spending.

The textile industry continued to face multiple challenges in 2026. The complex international trade environment, ongoing global supply chain adjustments, and consistently high domestic production costs exerted significant pressure on the industry.

BUSINESS REVIEW

The sales volume of yarn products of the Group decreased by 14.1% from approximately 45,254 tonnes for the six months ended 30 June 2025 to approximately 38,864 tonnes for the six months ended 30 June 2026. The decrease in sales volume was mainly due to unfavourable market conditions and change in product mix by the Group. The production volume of yarn products of the Group decreased by 16.7% from approximately 51,113 tonnes for the six months ended 30 June 2025 to approximately 42,572 tonnes for the six months ended 30 June 2026. The production volume was reduced by the Group in response to the current market conditions and to reduce the level of inventory.

The revenue of the yarn products of the Group decreased by 9.9% to approximately RMB460.9 million for the six months ended 30 June 2026 as compared to RMB511.5 million for the six months ended 30 June 2025. The gross profit and the profit attributable to the owners of the Company for the six months ended 30 June 2026 were approximately RMB41.7 million and approximately RMB10.8 million, respectively.

Jinyuan Textile Co. Ltd., Jiangxi ("**Jinyuan**"), a subsidiary of the Group, has suspended production of workshop number one in 2024 as it was built almost 20 years ago. The production capacity of workshop number one was replaced by workshop number nine which became fully operational in late 2023. Workshop number nine employs the latest rotor spinning technology and is highly automated. Such replacement greatly reduced the labour cost of Jinyuan. As part of the regular review of the production capacities of the Group, Jinyuan also suspended the production of workshop number two in August. Workshop number two has a production capacity of around 66,000 spindle and the production volume was around 700 tonnes per month before suspension. It was engaged in the production of polyester-cotton blended yarns. Workshop number two was also built almost 20 years ago, most of the production equipment was installed for more than 15 years. The technologies employed has been outdated and the production process has been labour intensive. After taking into account the current market conditions and the production cost of workshop number two, the Group has decided to suspense production.

Management Discussion and Analysis

As announced by the Company in November 2025 and March 2026, Jinyuan has entered into contracts to purchase a total of 24 sets of Murata Vortex Spinning Machines ("**Vortex Machines**"). The vortex spinning machine utilise a revolutionary spindle-less spinning technology. It uses compressed air to create a vortex inside a spindle, which directly condenses and twists fibres into yarn. This is fundamentally different from traditional ring spinning (which relies on a high-speed rotating spindle and traveler) and rotor spinning (which uses a rotating cup to consolidate fibres). The advantages of vortex spinning technology include extremely high speed, better yarn quality, shortened production process and cost reduction. Jinyuan has commenced the construction of workshop number ten in early 2026 for the accommodation of Vortex Machines and the completion is expected by the end of the third quarter of 2026. The first batch of Vortex machines comprising 12 sets has been delivered. The second batch of Vortex machines comprising 12 sets was scheduled to be delivered in the fourth quarter of 2026. It is expected the installation and testing of the first batch of Vortex Machine will commence by the end of the third quarter of 2026. The Board considers the introduction of vortex spinning production facilities will improve production efficiency and enhance power savings.

The Group also proactively adjusted its product portfolio in response to the rapidly changing market environment. Following the change of workshop number five of Jinyuan from the production of polyester yarn products to grey and deep grey melange yarns products in 2025, workshop number eight of Jinyuan also changed from the production of polyester yarn products to lyocell yarn products at the end of the second quarter of 2026. Lyocell fiber is a regenerated cellulosic fiber yarn made from natural wood pulp through an environmentally friendly closed-loop production process. It combines the advantages of multiple fiber types and is often hailed as a "green fiber" that offers comfort, strength, and environmental sustainability. Lyocell yarn products are widely used in high-quality knitwear, underwear, socks, home textiles, such as bedding and other next-to-skin garments. The Group believes that lyocell yarn products could target downstream customers engaged in higher end products and offer better margin than mass market polyester yarn products which face intense competition.

In the first half of 2026, the export market for textile products remains challenging. Although the Reciprocal Tariff by the Trump administration against all trading partners was ultimately ruled illegal by the Supreme Court in February 2026 and forced to be terminated, the Trump administration swiftly continued the tariff using the Trade Act of 1974 as the legal backing. Accordingly, the final tariff treatment with many trading partners still remained unsettled. 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. Export markets of other developed countries remain difficult due to slow or no economic growth and a relatively high-interest rate environment. The domestic market of the PRC's textile industry remained very competitive. Textile products have not benefited from the various PRC government subsidies, which were mainly geared to the simulation of consumptions of electronic products and electrical appliances. In response to the market conditions, the Group closely monitored market trends and adjusted its product portfolio and production arrangements. 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 2026 was approximately RMB406.9 million, representing a decrease of approximately RMB50.5 million, or 9.9%, 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 2026 (unaudited) RMB'000		Six months ended 30 June 2025 (unaudited) RMB'000	
Polyester yarns	**134,339**	**29.1%**	180,520	35.3%
Polyester-cotton blended yarns	**174,207**	**37.8%**	177,723	34.7%
Grey and deep grey mélange yarns	**149,169**	**32.4%**	153,218	30.0%
Others	**3,231**	**0.7%**	–	–
	460,946	**100.0%**	511,461	100.0%

The decrease in the revenue of the Group for the six months ended 30 June 2026 was mainly attributable to the decrease in sales volume of the yarn products from approximately 45,253 tonnes for the six months ended 30 June 2025 to approximately 38,864 tonnes for the six months ended 30 June 2026. 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 increased to approximately RMB11,860 per tonne for the six months ended 30 June 2026 compared to approximately RMB11,302 per tonne for the six months ended 30 June 2025.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased from approximately RMB32.1 million for the six months ended 30 June 2025 to approximately RMB41.7 million for the six months ended 30 June 2026. The gross profit margin of the Group increased from approximately 6.3% for the six months ended 30 June 2025 to approximately 9.0% for the six months ended 30 June 2026. 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 change in product mix and reduction in cost of production resulting from adjustments to production arrangement. The Group has adjusted its product portfolio in response to the market situation, reducing the sales and production of polyester yarn products and focusing more on grey and deep grey melange yarn products. Grey and deep grey melange yarn 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 RMB11.6 million for the six months ended 30 June 2025 to approximately RMB8.7 million for the six months ended 30 June 2026, representing a decrease of approximately RMB2.9 million or 25.4%. The decrease in other income was mainly due to the decrease in interest income and income from scrap sales.

Other Losses
Other losses of the Group decreased from approximately RMB0.8 million for the six months ended 30 June 2025 to approximately RMB0.1 million for the six months ended 30 June 2026, representing a decrease of approximately RMB0.7 million or 89%. 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 decreased from approximately RMB10.1 million for the six months ended 30 June 2025 to approximately RMB8.9 million for the six months ended 30 June 2026, representing a decrease of approximately RMB1.2 million or 12.0%. The decrease was mainly due to decrease in sales volume from approximately 45,253 tonnes for the six months ended 30 June 2025 to approximately 38,864 tonnes for the six months ended 30 June 2026. Distribution and selling expenses accounted for approximately 1.9% of total revenue of the Group for the six months ended 30 June 2026 (six months ended 30 June 2025: 2.0%).

Administrative Expenses
Administrative expenses of the Group remained almost unchanged at approximately RMB22.3 million for the six months ended 30 June 2026 as compared to approximately RMB21.8 million for the six months ended 30 June 2025. Administrative expenses accounted for approximately 4.8% of total revenue of the Group for the six months ended 30 June 2026 (six months ended 30 June 2025: 4.3%).

Finance Costs
Finance costs of the Group decreased from approximately RMB8.6 million for the six months ended 30 June 2025 to approximately RMB7.1 million for the six months ended 30 June 2026, representing a decrease of approximately RMB1.5 million or 18.1%. The decrease in finance costs was mainly due to a lower Loan Prime Rate ("**LPR**") for the six months ended 30 June 2026 as compared with that for the six months ended 30 June 2025 and better terms secured by the Group upon refinancing of bank loans.

Income Tax Expense
The income tax expenses of the Group decreased from approximately RMB12.5 million for the six months ended 30 June 2025 to approximately RMB1.2 million for the six months ended 30 June 2026, representing a decrease of approximately RMB11.3 million or 90.4%. The tax expense for the six months ended 30 June 2025 was mainly due to non-recognition of certain tax losses and remeasurement of deferred tax liabilities following a change in tax rate applicable to a subsidiary of the Group in the PRC while there were no such adjustments for the six months ended 30 June 2026.

Profit/(Loss) attributable to Owners of the Company and Net Profit/(Loss) Margin
Profit attributable to owners of the Company was approximately RMB10.8 million for the six months ended 30 June 2026 as compared to a loss attributable to owners of the Company of approximately RMB10.1 million for the six months ended 30 June 2025. The profit attributable to owners of the Company was mainly due to the increase in gross margin and reduction in income tax expense. The net profit margin of the Group was approximately 2.3% for the six months ended 30 June 2026 as compared to a net loss margin of approximately 2.0% for the six months ended 30 June 2025.

Earnings/(Loss) per Share
The basic earnings per share of the Company was approximately RMB8.6 cents for the six months ended 30 June 2026 as compared to a basic loss per share of approximately RMB8.1 cents for the six months ended 30 June 2025, representing an increase of approximately RMB16.7 cents or 2.1 times. The increase in earnings per share of the Company was due to the increase in the net profit for the six months ended 30 June 2026.

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 2026, the Group had a net cash outflow from operating activities. The Group had cash and bank balances of approximately RMB203.1 million (31 December 2025: RMB293.7 million), short-term time deposits of approximately RMB42.5 million (31 December 2025: Nil), pledged bank deposits of approximately RMB27.9 million (31 December 2025: RMB25.6 million) at 30 June 2026. 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 2026, the Group's interest-bearing borrowings amounted to approximately RMB421.6 million (31 December 2025: RMB380.8 million), RMB421.6 million (100%) of which (31 December 2025: RMB370.8 million (97.4%)) 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 RMB368.6 million in aggregate as at 30 June 2026 (31 December 2025: RMB375.2 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 32.1% at 30 June 2026 (31 December 2025: 32.9%). Net current liabilities and net assets at 30 June 2026 were approximately RMB118.6 million (31 December 2025: RMB104.5 million) and RMB663.8 million (31 December 2025: RMB653.0 million), respectively.

Foreign Exchange Exposure

The Group has foreign currency cash and bank balances, other receivables, other borrowing and other payables (31 December 2025: cash and bank balances, 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 2026 were approximately RMB8.8 million (31 December 2025: RMB11.4 million) and RMB4.7 million (31 December 2025: RMB5.3 million), respectively. The Group had not used any financial instrument for hedging purposes during the six months ended 30 June 2026.

Contingent Liabilities

As at 30 June 2026, the Group did not have any material contingent liabilities.

Employees, Remuneration and Share Option Scheme

As at 30 June 2026, the Group had a total of 2,128 employees (31 December 2025: 2,190). 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.

Management Discussion and Analysis

Significant Investments and Material Acquisitions and Disposal of Subsidiaries

As disclosed in the Company's announcement dated 5 January 2026, the Group entered into a contract to dispose of certain land and property at a consideration of RMB45.0 million.

As disclosed in the Company's announcement dated 3 March 2026, the Group entered into a contract to procure certain production equipment at a consideration of USD5.05 million in order to improve production efficiency and enhance energy savings.

Save as disclosed above, during the six months ended 30 June 2026, the Group did not have any significant investments or acquisitions or disposal of subsidiaries.

PROSPECTS

During the six months ended 30 June 2026, the textile industry continued to face multiple challenges. The Russia-Ukraine Conflict continues to drag on with no signs of easing. The US-Iran Conflict broke out in February, causing blockage of the Strait of Hormuz. Despite signing a Memorandum of Understanding ("**MOU**") for a 60 days ceasefire in June, military conflicts restarted in July as both sides blamed the other side for non-compliance. The change of US and Iran reaching a ceasefire arrangement seems unlikely in the near future.

As energy and food prices are affected by the geo-political conflict, inflationary pressure has increased. The US Federal Reserve did not reduce the federal funds rate in the first seven months of 2026 and maintained the target range at 3.50% to 3.75% at the July meeting. The absence of rate cuts provided no relief for the relatively high-interest rate environment which continues to suppress global consumption and investment demand. As geo-political conflict continues, uncertainty in rate cuts by the Federal Reserve remains.

The Reciprocal Tariff introduced by the Trump administration in 2025 was ultimately ruled illegal by the Supreme Court in February 2026 and forced to be terminated. However, the Trump administration swiftly continued the tariff using the Trade Act of 1974 as the legal backing, resulting in unresolved final tariff treatment with many trading partners and exacerbating economic and trade uncertainties.

Continuing geopolitical conflicts, a complex international trade environment disrupted by the tariff in the US, ongoing global supply chain adjustments, and consistently high domestic production costs have contributed to the weakness in the export and domestic markets for the textile products of the PRC.

Looking ahead into the second half of 2026, with the continuous implementation of stimulating policies by the PRC government, it is expected that the PRC economy will maintain its resilience and continue to grow, which may bring some positive impetus to the domestic textile market. However, the global economic outlook remains fragile, with trade protectionism, geopolitical tensions and a relatively high-interest rate environment, the export market is expected to remain challenging. The domestic market of the PRC's textile industry is likely to remain highly competitive, with weak market demand continuing to exert pressure on product prices and margins. International and domestic cotton prices are expected to remain weak amid economic uncertainties, while international crude oil prices may continue to fluctuate under the influence of geopolitical factors and OPEC+ production policies, bringing uncertainties to the cost of raw materials for textile products.

The Group considers the future of the textile market to be challenging. The Group will continue to closely monitor the market trends, including changes in raw material prices, trade policies and market demand, and take necessary measures to adjust its inventory level, production capacities, product mix and pricing strategy accordingly. The Group is introducing vortex spinning production facilities to replace outdated and inefficient facilities. The Group will continue to upgrade the production facilities with caution. The Group remains committed to emphasizing industrial safety and improving efficiency in its production process through increased automation, replacing outdated and labour-intensive production lines with highly automated and energy efficient facilities. Apart from adjustment to its product portfolio, the Group continues to enhance its marketing efforts by increasing interactions with customers. By leveraging the benefits of higher level of automation, optimized product mix and economies of scale, the Group believes it is well-positioned to cope with market challenges and capitalize on any turnaround in the textile industry.

Corporate Governance and Other Information

DIVIDENDS

The Board resolved not to declare the payment of an interim dividend in respect of the six month ended 30 June 2026.

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 2026.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, the interest or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") under the provisions of Divisions 7 and 8 of Part XV of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), are set out below:

Name of Director	Nature of interest	Position	Number of shares	Approximate percentage of shareholding in the Company[3]
Mr. Zheng Hong	Interest of a controlled corporation	Long Position	51,430,500[1]	41.07%
Mr. Zheng Yongxiang	Beneficial Owner	Long Position	14,852,520	11.85%
Mr. Zheng Yongxiang	Interest of a controlled corporation	Long Position	7,595,200[2]	6.07%

Notes:

(1) These Shares are held by Popular Trend Holdings Limited ("**Popular Trend**"), the entire issued share capital of which is owned by Mr. Zheng Hong and thus Mr. Zheng Hong is deemed to be interested in all the Shares held by Popular Trend under the SFO.

(2) These Shares are held by Marvellous Link Limited ("**Marvellous Link**"), the entire issued share capital of which is owned by Mr. Zheng Yongxiang and thus Mr. Zheng Yongxiang is deemed to be interested in all the Shares held by Marvellous Link under the SFO.

(3) Based on 125,235,000 shares of the Company in issue as at 30 June 2026.

Save as disclosed above, as at 30 June 2026, none of the Directors (including their spouse and children under 18 years of age) had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to a resolution of the Shareholders passed on 25 June 2021, the Company has adopted a share option scheme (the "**Scheme**"). The purpose of the Scheme is to recognise and acknowledge the contributions the eligible participants had or may have made to the Group. The Scheme was conditionally adopted on 25 June 2021 and took effect on 29 June 2021 upon satisfaction of the relevant conditions, and shall expire on 24 June 2031, being the date immediately prior to the 10th anniversary of the adoption date of the Scheme. The remaining life of the Scheme is approximately 4.8 years as at the date of this annual report. The terms of the Scheme are in compliance with the provisions of Chapter 17 of the Listing Rules.

Eligible participants of the Scheme include any full time or part time employee (including senior executives, officers and managers), directors (including executive, non-executive and independent non-executive directors) and any consultant(s) of the Company or any of its subsidiaries who, as determined by the Board, have contributed or will contribute to the growth and development of the Group.

As a result of the Share Consolidation becoming effective on 11 November 2025 and in accordance with the Scheme, the total number of Shares available for issue under the Scheme and any other share option scheme of the Group being initially 125,235,000 Existing Shares, was subsequently adjusted to 12,523,500 Consolidated Shares, representing approximately 10% of the issued share capital of the Company as at the effective date of this annual report. Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to eligible participants specified by the Company.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not in aggregate exceed 30% of the Shares in issue from time to time.

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each eligible participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time.

Share options granted to a Director, chief executive or substantial shareholder of the Company (as defined under the Listing Rules), or to any of their respective associates (as defined under the Listing Rules), are required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). In addition, any share options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates of the Company, (i) representing in aggregate more than 0.1%, or such other percentage as may from time to time provided under the Listing Rules, of the Shares in issue on the date of grant; and (ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets at the date of each grant, are subject to issue of a circular and Shareholders' approval in general meeting by way of a poll.

The offer of a grant of share options may be accepted by a participant not later than 10 business days after the date of offer, together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

The subscription price for Shares under the Scheme shall be a price determined by the Board in its absolute discretion, save such price will not be less than the higher of:

i. the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of the offer of the grant, and

ii. the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant.

The exercise period for the share options granted is determined by the Board in its absolute discretion, which may commence from the date of acceptance of the offer for the grant of share options but in any event shall not exceed 10 years from the date of grant.

Subject to the earlier termination of the Scheme in accordance with the Scheme rules, the Scheme will remain effective up to 24 June 2031.

No option has been granted under the Scheme since the adoption of the Scheme and up to the date of this report.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURE

Save as disclosed in the section headed "Share Option Scheme" above, at no time during the six months ended 30 June 2026 were rights to acquire benefits by means of the acquisition of share in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2026, so far as is known to any Director or chief executive of the Company, the persons or corporations (other than a Director or chief executive of the Company) who had interest or short positions in the Shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept under Section 336 of the SFO were as follows:

Name of director	Nature of interest	Position	Number of shares	Approximate percentage of shareholding in the Company[(3)]
Popular Trend Holdings Limited	Beneficial owner	Long position	51,430,500[(1)]	41.07%
Marvellous Link Limited	Beneficial owner	Long position	7,595,200[(2)]	6.07%

Notes:

(1) Popular Trend is wholly owned by Mr. Zheng Hong.

(2) Marvellous Link is wholly owned by Mr. Zheng Yongxiang.

(3) Based on 125,235,000 shares of the Company in issue as at 30 June 2026.

CODE OF CORPORATE GOVERNANCE PRACTICES

Save as disclosed below, during the six months ended 30 June 2026, the Company had complied with the code provisions of the existing Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

In respect of code provision D.2.5 of Part 2 of 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 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 2026.

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 2026.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026

	Note	Six months ended 30 June **2026** **(unaudited)** **RMB'000**	2025 (unaudited) RMB'000
Revenue	6	**460,946**	511,461
Cost of sales		**(419,239)**	(479,335)
Gross profit		**41,707**	32,126
Other income	7	**8,665**	11,621
Other losses	8	**(83)**	(759)
Distribution and selling expenses		**(8,926)**	(10,139)
Administrative expenses		**(22,278)**	(21,820)
Finance costs	9	**(7,079)**	(8,643)
Profit before tax		**12,006**	2,386
Income tax expense	10	**(1,202)**	(12,482)
Profit/(Loss) and total comprehensive income/(expense) for the period	11	**10,804**	(10,096)
			(Restated)*
Earnings/(Loss) per share			
Basic	13	**RMB8.6 cents**	(RMB8.1) cents
Diluted		**N/A**	N/A

* See note 13 for details regarding the restatement as a result of share consolidation.

Condensed Consolidated Statement of Financial Position

At 30 June 2026

	Note	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Non-current assets			
Property, plant and equipment	14	**716,614**	742,428
Right-of-use assets	15	**30,403**	31,107
Deposits on acquisition of property, plant and equipment		**46,977**	7,012
Goodwill		**20,617**	20,617
		814,611	801,164
Current assets			
Inventories	16	**271,696**	180,292
Trade and other receivables	17	**36,246**	15,054
Bills receivable	18	**205**	947
Pledged bank deposits		**27,922**	25,578
Cash and bank balances		**203,053**	293,704
Short-term time deposits		**42,460**	–
Financial assets at fair value through profit and loss		**8,971**	–
		590,553	515,575
Assets classified as held for sale	19	**40,734**	40,734
		631,287	556,309
Current liabilities			
Trade and other payables	20	**210,494**	213,532
Contract liabilities		**72,310**	5,637
Bills payable	21	**42,754**	65,578
Deferred income		**264**	264
Bank and other borrowings	22	**421,580**	370,791
Current tax liabilities		**2,473**	5,028
		749,875	660,830
Net current liabilities		**(118,588)**	(104,521)
Total assets less current liabilities		**696,023**	696,643

Condensed Consolidated Statement of Financial Position

At 30 June 2026

	Note	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Non-current liabilities			
Deferred income		**5,379**	5,511
Bank and other borrowings	22	**–**	10,000
Deferred tax liabilities		**26,860**	28,152
		32,239	43,663
NET ASSETS		**663,784**	652,980
Capital and reserves			
Equity attributable to owners of the Company			
Share capital	23	**101,989**	101,989
Reserves		**561,795**	550,991
TOTAL EQUITY		**663,784**	652,980

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Unaudited Attributable to owners of the Company					
	Share capital RMB'000	**Share premium** RMB'000	**PRC Statutory reserves** RMB'000	**Special reserve** RMB'000	**Retained profits** RMB'000	**Total** RMB'000
At 1 January 2025	101,989	53,074	177,318	148,739	195,672	676,792
Loss and total comprehensive expense for the period	–	–	–	–	(10,096)	(10,096)
At 30 June 2025	101,989	53,074	177,318	148,739	185,576	666,696
At 1 January 2026	**101,989**	**53,074**	**179,194**	**148,739**	**169,984**	**652,980**
Profit and total comprehensive income for the period	**–**	**–**	**–**	**–**	**10,804**	**10,804**
At 30 June 2026	**101,989**	**53,074**	**179,194**	**148,739**	**180,788**	**663,784**

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	**(28,532)**	17,902
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of pledged bank deposits	**(24,922)**	(52,198)
Withdrawal of pledged bank deposits	**22,578**	57,164
(Placement)/Withdrawal of short-term time deposits	**(42,460)**	4,623
Interest received	**860**	1,308
Purchase of property, plant and equipment	**(10,081)**	(2,482)
Proceeds from disposal of property, plant and equipment	**353**	237
Deposits paid for acquisition of property, plant and equipment	**(40,265)**	(300)
Purchase of financial assets at fair value through profit or loss	**(9,000)**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**29**	–
Net payments arising from settlement of derivative financial instruments	**–**	(32)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(102,908)**	8,320
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	**217,500**	227,500
Repayment of bank and other borrowings	**(176,711)**	(267,671)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	**40,789**	(40,171)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(90,651)**	(13,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**293,704**	209,091
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**203,053**	195,142
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**203,053**	195,142

1. GENERAL INFORMATION

China Weaving Materials Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 4 May 2011 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited on 22 December 2011. The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is at Fengtian Economic Development Zone of Fengxin County, Yichun City, Jiangxi Province, The People's Republic of China ("**PRC**").

The Company together with its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the business of manufacturing and trading of yarn products.

This unaudited condensed consolidated financial information for the six months ended 30 June 2026 is presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

2. 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 2025. 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 2025 and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2026.

At 30 June 2026, the Group's current liabilities exceeded its current assets by approximately RMB118,588,000. This condition indicates 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:

2. BASIS OF PREPARATION (Continued)

(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 RMB45,000,000 currently included in current liabilities at 30 June 2026.

(ii) Subsequent to the date of the reporting period, the Group has also successfully obtained new banking facilities of approximately RMB4,000,000.

(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.

3. 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 2026. IFRS Accounting Standards comprise International Financing Reporting Standards ("**IFRS**"); International Accounting Standards ("**IAS**"); and Interpretations. The adoption of these new developments 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 2025, 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 2026 as set out below:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

The adoption of these 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.

4. FAIR VALUE MEASUREMENTS

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the unaudited condensed consolidated statement of financial position approximate their respective fair values.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs:	quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2 inputs:	inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs:	unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosure of level in fair value hierarchy:

At 30 June 2026

Description	For value measurement using Level 2 (unaudited) RMB'000	Level 3 (unaudited) RMB'000
Recurring fair value measurements:		
Financial assets		
Financial assets at fair value through profit or loss		
– bills receivable	**205**	**–**
– Investments in FOF and unlisted hybrid collective asset management products	**–**	**8,971**

At 31 December 2025

Description	For value measurement using Level 2 (audited) RMB'000	Level 3 (audited) RMB'000
Recurring fair value measurements:		
Financial assets		
Financial assets at fair value through profit or loss		
– bills receivable	947	–

4. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of financial assets measured at fair value based on level 3:

Investments in FOF and unlisted hybrid collective asset management products	Financial assets at fair value through profit or loss 2026 (unaudited) RMB'000	2025 (audited) RMB'000
At 1 January	**–**	–
Addition	**9,000**	–
Redemption	**(29)**	–
At 30 June	**8,971**	–

(c) Disclosure of valuation techniques and key inputs used in fair value measurements:

The Group's financial controller is responsible for the fair value measurements of financial assets and financial liabilities required for financial reporting purposes, including level 3 fair value measurements. The financial controller reports directly to the Executive Director for these fair value measurements. Discussions of valuation processes and results are held between the financial controller and the Executive Director at least twice a year.

For Level 3 fair value measurements of investments in fund-of-funds ("**FOF**") and unlisted hybrid collective asset management products, fair value is determined primarily by reference to the net asset values ("**NAVs**") reported by the respective investment managers or fund administrators as at the reporting date. Management evaluates the reasonableness of the reported NAVs and considers whether any adjustments are necessary for redemption restrictions, lock-up periods, liquidity constraints, marketability considerations and other relevant valuation factors. No external valuation expert was engaged by the Group in determining the fair value of these investments during the reporting period.

4. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation techniques and key inputs used in fair value measurements: (Continued)

Level 2 fair value measurements

Description	Valuation technique	Key input	Fair value At 30 June 2026 (unaudited) RMB'000	 At 31 December 2025 (audited) RMB'000
Bills receivable	Discounted cash flows	Discount rate	**205**	947

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Fair value At 30 June 2026 (unaudited) RMB'000	 At 31 December 2025 (audited) RMB'000
Investments in FOF and unlisted hybrid collective asset management products	Adjusted NAV method	NAV reported by investment managers or fund administrators	**8,971**	–

There were no changes in the valuation technique used.

5. 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 3, 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% (31 December 2025: 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 2025: 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.

6. 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	
	2026	2025
	(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	**460,946**	511,461

7. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest income	**860**	1,308
Government grants	**227**	187
Income from scrap sales	**6,897**	9,388
Rental income	**669**	700
Others	**12**	38
	8,665	11,621

8. OTHER LOSSES

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net foreign exchange loss	**(141)**	(370)
Gain/(Loss) on disposal of property, plant and equipment	**18**	(480)
Reversal of allowance for impairment loss on trade receivables	**40**	27
Realised gain on settlement of derivative financial instruments	**–**	64
	(83)	(759)

9. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank and other borrowings	**7,079**	8,643

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current tax		
PRC Corporate Income Tax ("**CIT**")		
Provision for the period	**(2,494)**	(1,500)
Under-provision in prior years	**–**	(408)
Deferred tax	**1,292**	(10,574)
	(1,202)	(12,482)

No provision for Hong Kong Profits Tax for the six months ended 30 June 2026 and 2025 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.

Jinyuan Textile Co., Ltd, Jiangxi and Jiangxi Huachun Color Spinning Technology Development Co., Ltd., the Company's subsidiaries, are subject to the normal CIT tax rate at 25% for the six months ended 30 June 2026 and 2025.

11. PROFIT/(LOSS) FOR THE PERIOD

The Group's profit/(loss) for the period is stated after charging the following:

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Depreciation		
– Owned property, plant and equipment	**35,804**	37,814
– Right-of-use assets	**704**	801
Cost of inventories sold	**419,239**	479,335

12. DIVIDENDS

The Board resolved not to declare the payment of an interim dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: HK15 cents per ordinary share (restated)).

13. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the following:

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Profit/(Loss) for the purpose of calculating basic earnings/(loss) per share (Profit/(loss) for the period attributable to owners of the Company)	**10,804**	(10,096)

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	'000	'000
		(restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**125,235**	125,235

No diluted earnings/(loss) per share has been presented as there were no potential dilutive shares outstanding for the six months ended 30 June 2026 and 2025.

The weighted average number of shares and the basic loss per share for the six months ended 30 June 2025 are adjusted retrospectively to take into account the effect of share consolidation which took effective on 11 November 2025.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group acquired property, plant and equipment with a cost of approximately RMB10,326,000 (unaudited) (six months ended 30 June 2025: RMB2,167,000 (unaudited)). These acquisitions are mainly in relation to its manufacturing plants in the PRC.

Items of property, plant and equipment with a net carrying amount of approximately RMB336,000 (unaudited) were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: approximately RMB717,000 (unaudited)).

15. RIGHT-OF-USE ASSETS

At 30 June 2026, the Group's right-of-use assets represent leasehold land and plant and machinery under leases.

16. INVENTORIES

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Raw materials	**104,089**	60,315
Work in progress	**16,302**	13,224
Finished goods	**151,305**	106,753
	271,696	180,292

17. TRADE AND OTHER RECEIVABLES

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Trade receivables	**6,753**	10,204
Less: Allowance for doubtful debt	**(545)**	(585)
	6,208	9,619
Advance payments to suppliers	**25,441**	4,178
Prepayments and other receivables	**4,597**	1,257
	36,246	15,054

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 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
0 - 30 days	**5,618**	9,532
31 - 60 days	**409**	87
61 - 90 days	**35**	–
91 - 180 days	**146**	–
	6,208	9,619

18. BILLS RECEIVABLE

The following is an analysis of bills receivable, based on the invoice date:

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
0 – 30 days	**–**	227
31 – 90 days	**75**	50
91 – 180 days	**130**	670
181 – 365 days	**–**	–
	205	947

Included in the above bills receivable, were the following bills receivable that were transferred to suppliers by endorsing those bills receivable on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amounts of the bills receivable and the corresponding liabilities.

	Bills receivable endorsed to suppliers with full recourse	
	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Carrying amount of recognised financial assets	**205**	947
Carrying amount of corresponding liabilities not set off	**(205)**	(947)

19. ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Assets classified as held for sales		
– Right-of-use asset (note)	**6,776**	6,776
– Property, plant and equipment (note)	**33,958**	33,958
	40,734	40,734

19. ASSETS CLASSIFIED AS HELD FOR SALE (Continued)

Note: In December 2025, the Group negotiated with a purchaser to sell 8 parcels total area of 215.8 mu (approximately 143,867 sq metres) and premises erected on that land with a total floor area of approximately 37,074 square metres, situated in the Fengxin Industrial zone, Fengxin County, Jiangxi Province, the PRC. The Group subsequently entered into an agreement with the purchaser for the transaction at a cash consideration of approximately RMB45,027,000 in January 2026.

20. TRADE AND OTHER PAYABLES

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Trade payables	**27,008**	17,161
Other payables	**7,778**	8,259
Other tax payables	**13,057**	18,385
Accrued salaries and wages	**9,981**	14,678
Other accrued charges	**152,414**	154,738
Payables for acquisition of property, plant and equipment	**256**	311
	210,494	213,532

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 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
0 – 30 days	**25,846**	16,225
31 – 90 days	**771**	–
91 – 180 days	**130**	720
181 – 365 days	**46**	–
Over 365 days	**215**	216
	27,008	17,161

21. BILLS PAYABLE

The following is an analysis of bills payable, based on the invoice date:

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
0 – 30 days	**7,832**	–
31 – 90 days	**18,702**	10,926
91 – 180 days	**6,220**	21,652
181 – 365 days	**10,000**	33,000
	42,754	65,578

22. BANK AND OTHER BORROWINGS

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Secured	**323,580**	282,791
Unsecured	**98,000**	98,000
	421,580	380,791
Amount payable within one year	**421,580**	370,791
Amount payable over one year	**–**	10,000
	421,580	380,791

At 30 June 2026, certain assets of the Group have been pledged as collaterals for secured bank and other borrowings.

23. SHARE CAPITAL

	Number shares '000	HK$'000
Ordinary shares of HK$1.0 each		
Authorised:		
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	1,000,000	1,000,000

	Number shares '000	HK$'000	RMB'000
Issued and fully paid:			
At 31 December 2025 (audited) and 30 June 2026 (unaudited)	125,235	125,235	101,989

24. CAPITAL COMMITMENTS

	30 June 2026 (unaudited) RMB'000	31 December 2025 (audited) RMB'000
Acquisition of property, plant and equipment and construction of new production facilities and infrastructure	**35,535**	27,864

25. RELATED PARTY TRANSACTIONS

The Group had the following transactions and balances with its related parties:

(a) Transactions with related parties

	Six months ended 30 June	
	2026 (unaudited) RMB'000	2025 (unaudited) RMB'000
Short-term employee benefits in relation to close family members of a key management personnel	**185**	230
Short-term lease payment in relation to lease contract with a director of the Company	**155**	188

25. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management of the Group is as follows:

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Short-term benefits	**1,918**	1,850

The remuneration is determined by the directors of the Company having regard to the performance of individuals and market trends.

At 30 June 2026, included in accrued salaries and wages was an amount of approximately RMB36,000 (unaudited) (at 31 December 2025: RMB327,000 (audited)) being accrued remuneration in relation to key management personnel which is unsecured, interest-free and to be settled in cash.

26. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which were required to be disclosed.

27. CONTINGENT LIABILITIES

At 30 June 2026, the Group did not have any significant contingent liabilities (at 31 December 2025: Nil).

28. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited condensed consolidated financial information was approved and authorised for issue by the Board of Directors on 27 August 2026.