



CHINA WEAVING MATERIALS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3778

INTERIM REPORT **2025** 

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Corporate Information

BOARD OF DIRECTORS (THE “BOARD”)

Executive Director

Mr. Zheng Yongxiang

Non-Executive Director

Mr. Zheng Hong (*Chairman*)

Independent Non-Executive Directors

Mr. Xu Yiliang

Mr. Wong Tak Shing

Ms. Chow Sin Yee Caroline

Mr. Li Guoxing (resigned with effect from 26 March 2025)

BOARD COMMITTEES

Audit committee

Mr. Wong Tak Shing (*Chairman*)

Mr. Xu Yiliang

Ms. Chow Sin Yee Caroline

Mr. Li Guoxing (resigned with effect from 26 March 2025)

Remuneration committee

Mr. Xu Yiliang (*Chairman*)

Mr. Wong Tak Shing

Mr. Zheng Hong

Ms. Chow Sin Yee Caroline

Mr. Li Guoxing (resigned with effect from 26 March 2025)

Nomination committee

Mr. Zheng Hong (*Chairman*)

Mr. Wong Tak Shing

Mr. Xu Yiliang

Ms. Chow Sin Yee Caroline

Mr. Li Guoxing (resigned with effect from 26 March 2025)

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 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.

Management Discussion and Analysis

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 Tariff by the Trump administration against all trading partners in April. As the final Reciprocal Tariff with many trading partners still remained unsettled as at the date of this report, 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.

Management Discussion and Analysis

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) RMB'000		Six months ended 30 June 2024 (unaudited) 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 mélange 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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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 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.

Corporate Governance and Other Information

DIVIDENDS

At a meeting held on 28 August 2025, the Board of Directors declared an interim dividend of HK1.5 cents per ordinary share for the six months ended 30 June 2025. (for the six months ended 30 June 2024: nil).

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.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, 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 ⁽²⁾
Mr. Zheng Hong	Interest of a controlled corporation	Long Position	514,305,000 ⁽¹⁾	41.07%
Mr. Zheng Yongxiang	Beneficial Owner	Long Position	147,577,200	11.78%
Mr. Zheng Yongxiang	Interest of a controlled corporation	Long Position	75,092,000 ⁽²⁾	6.00%

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 1,252,350,000 shares of the Company in issue as at 30 June 2025.

Save as disclosed above, as at 30 June 2025, 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.

Corporate Governance and Other Information

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 5.8 years as at the date of this 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.

The total number of Shares available for issue under the Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the total number of Shares in at the date of approval of the Scheme, being 125,235,000 Shares, representing approximately 10% of the issued share capital of the Company as at the adoption date of the Scheme. 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.

Corporate Governance and Other Information

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; and

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 until (but not including) 25 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 2025 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 2025, 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 Shareholder	Nature of Interest	Position	Number of Shares	Approximate percentage of shareholding in the Company ⁽³⁾
Popular Trend Holdings Limited	Beneficial Owner	Long Position	514,305,000 ⁽¹⁾	41.07%
Marvellous Link Limited	Beneficial Owner	Long Position	75,092,000 ⁽²⁾	6.00%

Notes:

- (1) Popular Trend is wholly owned by Mr. Zheng Hong.
- (2) Marvellous Link is wholly owned by Mr. Zheng Yongxiang.
- (3) Based on 1,252,350,000 shares of the Company in issue as at 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**”) 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 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.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Revenue	6	511,461	577,898
Cost of sales		(479,335)	(552,811)
Gross profit		32,126	25,087
Other income	7	11,621	12,896
Other losses	8	(759)	(1,321)
Distribution and selling expenses		(10,139)	(9,411)
Administrative expenses		(21,820)	(21,059)
Finance costs	9	(8,643)	(10,236)
Profit/(Loss) before tax		2,386	(4,044)
Income tax (expense)/credit	10	(12,482)	996
Loss and total comprehensive expense for the period	11	(10,096)	(3,048)
Loss per share			
Basic	13	(RMB0.81) cents	(RMB0.24) cents
Diluted		N/A	N/A

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	Note	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
Non-current assets			
Property, plant and equipment	14	812,643	849,007
Right-of-use assets	15	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	16	238,779	193,141
Trade and other receivables	17	19,161	20,897
Bills receivable	18	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	19	215,951	205,524
Derivative financial instruments		–	96
Contract liabilities		20,149	4,740
Bills payable	20	65,198	71,264
Deferred income		264	264
Bank and other borrowings	21	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

At 30 June 2025

	Note	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	21	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	22	101,989	101,989
Reserves		564,707	574,803
TOTAL EQUITY		666,696	676,792

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Unaudited Attributable to owners of the Company					
	Share capital RMB'000	Share premium RMB'000	PRC		Retained profits RMB'000	Total RMB'000
			Statutory reserves RMB'000	Special reserve RMB'000		
At 1 January 2024	101,989	53,074	176,265	148,739	208,466	688,533
Loss and total comprehensive expense for the period	–	–	–	–	(3,048)	(3,048)
At 30 June 2024	101,989	53,074	176,265	148,739	205,418	685,485
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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
	RMB'000	RMB'000
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	17,902	(28,009)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of pledged bank deposits	(52,198)	(35,698)
Withdrawal of pledged bank deposits	57,164	64,654
Withdrawal of short-term time deposits	4,623	–
Interest received	1,308	1,642
Purchase of property, plant and equipment	(2,482)	(2,742)
Proceeds from disposal of property, plant and equipment	237	301
Deposits paid for acquisition of property, plant and equipment	(300)	(3)
Net payments arising from settlement of derivative financial instruments	(32)	–
NET CASH GENERATED FROM INVESTING ACTIVITIES	8,320	28,154
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank and other borrowings	227,500	252,500
Repayment of bank and other borrowings	(267,671)	(263,620)
NET CASH USED IN FINANCING ACTIVITIES	(40,171)	(11,120)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(13,949)	(10,975)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	209,091	190,068
CASH AND CASH EQUIVALENTS AT END OF PERIOD	195,142	179,093
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	195,142	179,093

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

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 2025 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 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:

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

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 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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

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 2025. IFRS Accounting Standards comprise International Financial 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.

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.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

4. FAIR VALUE MEASUREMENTS (Continued)

(a) Disclosure of level in fair value hierarchy:

At 30 June 2025

Description	Fair value measurement using	
	Level 1 (unaudited) RMB'000	Level 2 (unaudited) RMB'000
Recurring fair value measurements:		
Financial assets		
Financial assets at fair value through profit or loss		
– bills receivable	–	2,203

At 31 December 2024

Description	Fair value measurement using	
	Level 1 (unaudited) RMB'000	Level 2 (unaudited) RMB'000
Recurring fair value measurements:		
Financial assets		
Financial assets at fair value through profit or loss		
– bills receivable	–	3,780
Financial liabilities		
Financial liabilities at fair value through profit or loss		
– derivative financial instruments	96	–

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

Level 2 fair value measurements

Description	Valuation technique	Key input	Fair value	
			At 30 June 2025 (unaudited) RMB'000	At 31 December 2024 (audited) RMB'000
Bills receivable	Discounted cash flows	Discount rate	2,203	3,780

There were no changes in the valuation technique used.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

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 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.

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	
	2025 (unaudited) RMB'000	2024 (unaudited) 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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

7. OTHER INCOME

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) 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

8. OTHER LOSSES

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) 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)

9. FINANCE COSTS

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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

10. INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) 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"), a subsidiary of the Group, 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 is subject to the normal CIT tax rate at 25% for the six months ended 30 June 2025 and 2024.

11. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) 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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

12. 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.

13. LOSS PER SHARE

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

	Six months ended 30 June	
	2025 (unaudited) RMB'000	2024 (unaudited) 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 (unaudited) '000	2024 (unaudited) '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.

14. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired property, plant and equipment with a cost of approximately RMB2,167,000 (unaudited) (six months ended 30 June 2024: RMB1,100,000 (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 RMB717,000 (unaudited) were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: approximately RMB934,000 (unaudited)).

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

15. RIGHT-OF-USE ASSETS

At 30 June 2025, the Group's right-of-use assets represent leasehold land and plant and machinery under leases.

16. INVENTORIES

	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
Raw materials	78,417	86,321
Work in progress	13,465	15,108
Finished goods	146,897	91,712
	238,779	193,141

17. TRADE AND OTHER RECEIVABLES

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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

18. BILLS RECEIVABLE

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

	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
0 – 30 days	100	–
31 – 90 days	260	100
91 – 180 days	1,843	3,360
181 – 365 days	–	320
	2,203	3,780

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 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
Carrying amount of recognised financial assets	1,651	3,780
Carrying amount of corresponding liabilities not set off	(1,651)	(3,780)

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

19. TRADE AND OTHER PAYABLES

	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) 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) RMB'000	31 December 2024 (audited) 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

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

20. BILLS PAYABLE

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

	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
0 – 30 days	17,052	12,832
31 – 90 days	33,100	14,732
91 – 180 days	15,046	33,700
181 – 365 days	–	10,000
	65,198	71,264

21. BANK AND OTHER BORROWINGS

	30 June 2025 (unaudited) RMB'000	31 December 2024 (audited) RMB'000
Secured	221,452	321,123
Unsecured	151,109	91,609
	372,561	412,732
Amount payable within one year	317,561	402,732
Amount payable over one year	55,000	10,000
	372,561	412,732

At 30 June 2025, certain assets of the Group have been pledged as collaterals for secured bank and other borrowings.

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

22. SHARE CAPITAL

	Number of shares '000	HK\$'000
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Ordinary shares of HK\$0.1 each

Authorised:

At 31 December 2024 (audited) and 30 June 2025 (unaudited) 10,000,000 1,000,000

	Number of shares '000	HK\$'000	RMB'000
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Issued and fully paid:

At 31 December 2024 (audited) and
30 June 2025 (unaudited) 1,252,350 125,235 101,989

23. CAPITAL COMMITMENTS

	30 June 2025 (unaudited) RMB'000	31 December 2024 (unaudited) RMB'000
Acquisition of property, plant and equipment and construction of new production facilities and infrastructure	9,335	7,920

Notes to the Condensed Consolidated Financial Information

For the six months ended 30 June 2025

24. 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	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Short-term employee benefits in relation to close family members of a key management personnel	230	243
Short-term lease payment in relation to lease contract with a director of the Company	188	186

(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	
	2025 (unaudited) RMB'000	2024 (unaudited) RMB'000
Short-term benefits	1,850	1,953

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

At 30 June 2025, included in accrued salaries and wages was an amount of approximately RMB41,000 (unaudited) (at 31 December 2024: RMB41,000 (audited)) being accrued remuneration in relation to key management personnel which is unsecured, interest-free and to be settled in cash.

25. EVENTS AFTER THE REPORTING PERIOD

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

26. CONTINGENT LIABILITIES

At 30 June 2025, the Group did not have any significant contingent liabilities (at 31 December 2024: Nil).

27. 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 28 August 2025.