

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

## CHINA WEAVING MATERIALS HOLDINGS LIMITED

### 中國織材控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3778)

## RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of China Weaving Materials Holdings Limited (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the financial year ended 31 December 2025 together with the comparative figures for the previous financial year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Revenue</b>	4	<b>1,095,912</b>	1,282,266
Cost of sales		<b>(1,023,392)</b>	(1,240,061)
<b>Gross profit</b>		<b>72,520</b>	42,205
Other income	5	<b>23,008</b>	38,029
Other losses	6	<b>(2,091)</b>	(2,069)
Distribution and selling expenses		<b>(21,635)</b>	(23,824)
Administrative expenses		<b>(47,140)</b>	(49,246)
Impairment loss on property, plant and equipment		<b>(1,082)</b>	–
<b>Profit from operations</b>		<b>23,580</b>	5,095
Finance costs	7	<b>(15,971)</b>	(18,912)
<b>Profit/(Loss) before tax</b>		<b>7,609</b>	(13,817)
Income tax (expense)/credit	8	<b>(14,304)</b>	2,076
<b>Loss and total comprehensive expense for the year</b>	9	<b>(6,695)</b>	(11,741)
<b>Loss per share</b>	11		Restated
– Basic		<b>(RMB5.35) cents</b>	(RMB9.38) cents
– Diluted		<b>N/A</b>	N/A

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>742,428</b>	849,007
Right-of-use assets		<b>31,107</b>	39,485
Deposits on acquisition of property, plant and equipment		<b>7,012</b>	165
Goodwill		<b>20,617</b>	20,617
		<u><b>801,164</b></u>	<u>909,274</u>
<b>Current assets</b>			
Inventories		<b>180,292</b>	193,141
Trade and other receivables	<i>12</i>	<b>15,054</b>	20,897
Bills receivable		<b>947</b>	3,780
Pledged bank deposits		<b>25,578</b>	57,164
Short-term time deposits		–	4,623
Cash and bank balances		<b>293,704</b>	209,091
		<u><b>515,575</b></u>	<u>488,696</u>
Assets classified as held for sale	<i>13</i>	<b>40,734</b>	–
		<u><b>556,309</b></u>	<u>488,696</u>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>213,532</b>	205,524
Derivative financial instruments		–	96
Contract liabilities		<b>5,637</b>	4,740
Bills payable		<b>65,578</b>	71,264
Deferred income		<b>264</b>	264
Bank and other borrowings		<b>370,791</b>	402,732
Current tax liabilities		<b>5,028</b>	–
		<u><b>660,830</b></u>	<u>684,620</u>
<b>Net current liabilities</b>		<u><b>(104,521)</b></u>	<u>(195,924)</u>
<b>Total assets less current liabilities</b>		<u><b>696,643</b></u>	<u>713,350</u>

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Deferred income		<b>5,511</b>	5,774
Bank and other borrowings		<b>10,000</b>	10,000
Deferred tax liabilities		<b>28,152</b>	20,784
		<u><b>43,663</b></u>	<u>36,558</u>
<b>Net assets</b>		<u><b>652,980</b></u>	<u>676,792</u>
<b>Capital and reserves</b>			
Equity attributable to owners of the Company			
Share capital		<b>101,989</b>	101,989
Reserves		<b>550,991</b>	574,803
		<u><b>652,980</b></u>	<u>676,792</u>
<b>Total equity</b>		<u><b>652,980</b></u>	<u>676,792</u>

## NOTES:

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board (the “IASB”). IFRS Accounting Standards comprise International Financial Reporting Standards (“IFRS”); International Accounting Standards (“IAS”); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap.622).

A number of new or revised IFRS Accounting Standards are first effective for the current accounting period of the Group. Note 2 provides information of these developments which are relevant to the Group’s operations. The application of these developments did not have material impact on the Group.

The Group incurred net loss of approximately RMB6,695,000 for the year ended 31 December 2025 and the Group’s current liabilities exceeded its current assets by approximately RMB104,521,000 as at 31 December 2025. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern and to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis as the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and are satisfied that:

- (a) The banking facilities from the Group’s bankers for its working capital requirements for the next twelve months will be available as and when required, having regard to the following:
  - (i) The Group can successfully obtain its bankers’ approval for rollover of its short-term bank borrowings. Up to the date of this announcement, certain bankers renewed or agreed to renew the Group’s bank borrowings amounting to approximately RMB40,000,000 currently included in current liabilities at 31 December 2025.
  - (ii) 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 within the next 12 months. Accordingly, the consolidated financial statements have 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 liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

## 2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

### (a) Application of new and revised IFRS Accounting Standards

The Group has adopted all of the new or amended IFRS Accounting Standards and Interpretations issued by the IASB that are mandatory for the current reporting period. There was no material impact to the consolidated financial statements as a result of the adoption of these standards.

### (b) New and revised IFRS Accounting Standards in issue but not yet effective

Up to the date of issue of these consolidated financial statements, the IASB has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been early adopted by the Group for the annual reporting period ended 31 December 2025. The Company's assessment of the impact of these new or amended IFRS Accounting Standards and Interpretations, most relevant to the Company, are set out below:

	<b>Effective for accounting periods beginning on or after</b>
Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following standard.

#### **IFRS 18 “Presentation and Disclosure in Financial Statements”**

IFRS 18 will replace IAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, IFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in IFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The new accounting standard introduces the following key new requirements:

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group is currently assessing the impact of IFRS 18, with respect to the structure of the Group's statement of loss, the statements of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact on how information is grouped in the financial statements. Preliminary assessments indicate the following key impacts:

- The Group will need to reclassify certain income and expense items (e.g., interest income and foreign exchange gains/losses) into the new categories, namely investing and financing categories.
- The Statement of Cash Flows will also be impacted, as the operating profit subtotal will be the required starting point for the indirect method.

***Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7***

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

### 3. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports prepared in accordance with the types of goods delivered and are regularly reviewed by the chief operating decision maker (the “CODM”) to allocate resources to the segments and to assess their performance focuses on type of goods delivered.

The CODM which is responsible for allocating resources and assessing performance of the operating segments has been defined as the executive director of the Company.

The CODM has identified the Yarns – manufacturing and trading of yarns as a single reportable segment under IFRS 8 “Operating Segments”. No operating segments have been aggregated to form the reportable segment.

#### **Geographical information**

Over 99% (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% (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 years.

### 4. REVENUE

The principal activities of the Group are manufacturing and trading of yarns. The Group derives revenue from transfer of goods at a point in time. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales of yarn products such that it does not disclose the information about its remaining performance obligations as the contracts have an original expected duration of one year or less.

## Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products for the year is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sales of yarns	<b>1,095,912</b>	1,282,266
<b>5. OTHER INCOME</b>		
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest income	2,380	2,800
Government grants	689	12,825
Income from scrap sales	17,897	20,362
Rental income	1,178	1,002
Others	864	1,040
	<b>23,008</b>	38,029
<b>6. OTHER LOSSES</b>		
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Net foreign exchange losses	1,010	672
Loss on disposal of property, plant and equipment	1,209	642
(Reversal of)/allowance for impairment losses on trade receivables	(67)	652
Unrealised losses arising from changes in fair value of derivative financial instruments	–	96
Realised gains arising from disposals of derivative financial instruments	(68)	–
Others	7	7
	<b>2,091</b>	2,069
<b>7. FINANCE COSTS</b>		
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank and other borrowings	<b>15,971</b>	18,912

## 8. INCOME TAX EXPENSE/(CREDIT)

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
PRC Corporate Income Tax (“CIT”)		
Provision for the year	6,528	500
Under-provision in prior year	408	–
	<u>6,936</u>	<u>500</u>
Deferred tax		
Origination and reversal of temporary differences	7,368	(2,576)
Total	<u>14,304</u>	<u>(2,076)</u>

No provision for Hong Kong Profits Tax for the years ended 31 December 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 in the PRC.

Jiangxi Huachun Color Spinning Technology Development Co., Ltd. (“**Huachun**”), the Company’s subsidiary, is entitled to a preferential tax rate of 15% for the year ended 31 December 2024 and is subject to the normal CIT tax rate at 25% for the year ended 31 December 2025.

Jinyuan Textile Co., Ltd, Jiangxi (“**Jiangxi Jinyuan**”), the Company’s subsidiary, is subject to the normal CIT tax rate at 25% for the years ended 31 December 2025 and 2024.

According to the PRC CIT law, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned from 1 January 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise.

## 9. LOSS FOR THE YEAR

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Auditor's remuneration		
– Audit	1,183	1,196
– Others	261	261
	<b>1,444</b>	1,457
Cost of inventories sold (including reversal of allowance for inventories of approximately RMB1,594,000 (2024: nil))	1,023,392	1,240,061
Depreciation on property, plant and equipment	75,358	77,330
Depreciation on right-of-use assets	1,602	1,616
	<u><b>1,602</b></u>	<u>1,616</u>

Cost of inventories sold includes employee benefits expense, depreciation on property, plant and equipment and depreciation on right-of-use assets of approximately RMB136,157,000 (2024: RMB144,306,000), RMB62,884,000 (2024: RMB64,504,000) and RMB525,000 (2024: RMB525,000) respectively, which are included in the amounts disclosed separately above.

## 10. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
2025 Interim dividend of HK1.5 cents per ordinary shares	<u>17,117</u>	<u>–</u>

The 2025 interim dividend per ordinary share above was calculated based on the number of ordinary shares of 1,252,350,000 shares (before the share consolidation).

The Board of the Directors of the Company does not recommend the payment of final dividend in respect of the year ended 31 December 2025 (2024: Nil).

## 11. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to the owners of the Company is based on the following:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the purpose of calculating basic loss per share (loss for the year attributable to owners of the Company)	<u>(6,695)</u>	<u>(11,741)</u>
	<b>2025 '000</b>	2024 '000 (Restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>125,235</u>	<u>125,235</u>

No diluted loss per share has been presented as there were no potential dilutive shares outstanding for the years ended 31 December 2025 and 2024.

The weighted average number of shares and the basic loss per share for the year ended 31 December 2024 and adjusted retrospectively to take into account the effect of share consolidation during the year, as if it had taken place before the beginning of comparative year.

## 12. TRADE AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	10,204	10,240
Less: Allowance for doubtful debt	<u>(585)</u>	<u>(652)</u>
	9,619	9,588
Advance payments to suppliers	4,178	9,690
Prepayments and other receivables	<u>1,257</u>	<u>1,619</u>
	<u><u>15,054</u></u>	<u><u>20,897</u></u>

In general, the Group receives advances or bills from the customers before the products are delivered. The Group allows some of the long-term and loyal customers to have credit terms of 30 – 90 days depending on creditability of the customers.

Before accepting any new customer, the Group has assessed the potential customer's credit quality. The Group reviews the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of trade receivable. For the trade receivables which are past due but not impaired, the management assessed the balances are with good credit quality with reference to their past repayment history.

No interest is charged on overdue trade receivables. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 – 30 days	9,532	8,996
31 – 90 days	<u>87</u>	<u>592</u>
	<u><u>9,619</u></u>	<u><u>9,588</u></u>

The carrying amounts of the Group's trade receivables are denominated in RMB.

### 13. ASSETS CLASSIFIED AS HELD FOR SALE

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Assets classified as held for sales		
– Right-of-use assets (note)	6,776	-
– Property, plant and equipment (note)	33,958	-
	<u>40,734</u>	<u>-</u>
	<u><u>40,734</u></u>	<u><u>-</u></u>

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.

### 14. TRADE AND OTHER PAYABLES

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	17,161	13,733
Other payables	8,259	9,185
Other tax payables	18,385	20,126
Accrued salaries and wages	14,678	17,488
Other accrued charges	154,738	144,306
Payables for acquisition of property, plant and equipment	311	686
	<u>213,532</u>	<u>205,524</u>
	<u><u>213,532</u></u>	<u><u>205,524</u></u>

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:

	<b>2025</b>	2024
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 – 30 days	<b>16,225</b>	9,174
31 – 90 days	–	–
91 – 180 days	<b>720</b>	3,290
181 – 365 days	–	212
Over 365 days	<b>216</b>	1,057
	<b>17,161</b>	13,733

In general, the Group makes advance payment to suppliers before the materials or goods are received. The creditors may, in some cases, allow a credit period. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

The carrying amounts of the Group's trade payables are denominated in RMB.

#### **15. EVENTS AFTER THE REPORTING PERIOD**

- (a) As disclosed in Note 13, on 5 January 2026, the Group entered into a sale and purchase agreement to sell 8 parcels of land with a 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 at a cash consideration of approximately RMB45,027,000.
- (b) On 3 March 2026, the Group entered into an agreement to acquire 12 sets of machines at a consideration of approximately USD5,047,000.

## **EXTRACT OF THE AUDITOR’S REPORT**

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025:

### **“OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.”

### **“MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We draw attention to Note 2 to the consolidated financial statements which indicates that the Group incurred net loss of approximately RMB6,695,000 for the year ended 31 December 2025 and the Group’s current liabilities exceeded its current assets by approximately RMB104,521,000 as at 31 December 2025. As stated in Note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

## **MARKET OVERVIEW**

During the year ended 31 December 2025, the global economy continues to face numerous challenges. The ongoing military conflict between Russia and Ukraine (the “**Russia-Ukraine Conflict**”) remains unresolved. However, both sides entered a new round of negotiations in Autumn. Although a comprehensive ceasefire was not reached, the intensity of military operations diminished. In the Middle East, the conflict between Israel and Hamas (the “**Gaza Conflict**”) has subsided with the Israeli military forces taking control of Gaza. However, tensions continue as Israel and Iran engaged in airstrikes (the “**Israel-Iran Conflict**”) for twelve days in June before agreeing to a ceasefire. Regional tensions have not been completely resolved and continued to exert influence on energy markets.

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**”) growth of the US showed a trend of initial decline followed by recovery, recorded a growth rate of approximately 2.2% for 2025 as compared with a growth rate of 2.0% for 2024. The economic growth of the European Union (the “**EU**”) remains persistently weak, with a GDP growth of about 0.4% for 2025, which was the same as that for 2024. The People’s Republic of China (the “**PRC**”) achieved a GDP growth of approximately 5.3% for 2025, slightly higher than the 5.0% growth achieved in 2024.

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. By year-end, international crude oil prices had fallen back to around USD65 per barrel. The average price for the full year was approximately USD68 per barrel, lower than the 2024 level. The downward pressure 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 prices edged slightly lower in the second half to close the year at approximately USD0.62 per pound. The average international cotton prices for the year ended 31 December 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 2025, trading at around RMB14,500 per ton for most of the time. The average domestic cotton prices for the year ended 31 December 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 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 RMB2.25 trillion for 2025. This represented a year-on-year decrease of about 2.0%. 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 2025 were approximately USD141 billion and USD152 billion, respectively, representing year-on-year declines of about 2.3% and 0.8%, indicating continued weakness in the market.

## **BUSINESS REVIEW**

The sales volume of yarn products of the Group decreased by 4.6% from approximately 101,534 tonnes for the year ended 31 December 2024 to approximately 96,840 tonnes for the year ended 31 December 2025. The decrease in sales volume was mainly due to unfavourable market conditions. The production volume of yarn products of the Group slightly decreased by 1.6% from approximately 100,828 tonnes for the year ended 31 December 2024 to approximately 99,234 tonnes for the year ended 31 December 2025.

The revenue of the yarn products of the Group decreased by 14.5% to approximately RMB1,096 million for the year ended 31 December 2025 as compared to RMB1,282 million for the year ended 31 December 2024. The gross profit and the loss attributable to the owners of the Company for the year ended 31 December 2025 were approximately RMB72.5 million and approximately RMB6.7 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.

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 existing production facilities of the Group utilize traditional ring spinning technology and certain production lines which were installed in earlier years is labour and energy intensive. 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. The first batch and second batch of Vortex machines comprising 12 sets each was scheduled to be delivered in April and November 2026 respectively. Jinyuan has also commenced the construction of a new workshop, workshop number ten, for the accommodation of the Vortex Machines. It is expected the installation and testing of the first batch of Vortex Machine will commence in the second 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 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 2025, 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. The policy suffered successive setbacks in domestic judicial procedures in the US and 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. 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 stimulation 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 year ended 31 December 2025 was approximately RMB1,095.9 million, representing a decrease of approximately RMB186.4 million, or 14.5%, as compared to last year. An analysis of the sales of the Group's products is set forth below:

	Year ended 31 December 2025		Year ended 31 December 2024	
	RMB'000		RMB'000	
Polyester yarns	370,753	33.8%	444,065	34.7%
Polyester-cotton blended yarns	347,019	31.7%	447,993	34.9%
Grey and deep grey mélange yarns	358,619	32.7%	365,727	28.5%
Others	19,521	1.8%	24,481	1.9%
	<u>1,095,912</u>	<u>100.0%</u>	<u>1,282,266</u>	<u>100.0%</u>

The decrease in the revenue of the Group for the year ended 31 December 2025 was mainly attributable to the decrease in sales volume and decrease in average selling prices of the yarn products. The sales volume decreased from approximately 101,534 tonnes for the year ended 31 December 2024 to approximately 96,840 tonnes for the year ended 31 December 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 RMB11,317 per tonne for the year ended 31 December 2025 compared to approximately RMB12,629 per tonne for the year ended 31 December 2024. The decrease in average selling prices of yarn product was due to the translation of lower cost of raw materials and the change in product mix of the Group.

### Gross Profit and Gross Profit Margin

Gross profit of the Group increased from approximately RMB42.2 million for the year ended 31 December 2024 to approximately RMB72.5 million for the year ended 31 December 2025. The gross profit margin of the Group increased from approximately 3.3% for the year ended 31 December 2024 to approximately 6.6% for the year ended 31 December 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 RMB38.0 million for the year ended 31 December 2024 to approximately RMB23.0 million for the year ended 31 December 2025, representing a decrease of approximately RMB15.0 million or 39.5%. The decrease in other income was mainly due to the decrease in government grants and income from scrap sales.

## **Distribution and Selling Expenses**

Distribution and selling expenses of the Group decreased from approximately RMB23.8 million for the year ended 31 December 2024 to approximately RMB21.6 million for the year ended 31 December 2025, representing a decrease of approximately RMB2.2 million or 9.2%. The decrease was mainly due to decrease in sales volume and change in customers and destination mix. Distribution and selling expenses accounted for approximately 2.0% of total revenue of the Group for the year ended 31 December 2025 (year ended 31 December 2024: 1.9%).

## **Administrative Expenses**

Administrative expenses of the Group slightly decreased from approximately RMB49.2 million for the year ended 31 December 2024 to approximately RMB47.1 million for the year ended 31 December 2025, representing a decrease of approximately RMB2.1 million or 4.3%. The decrease in administrative expenses was mainly due to the reduction in staff cost. Administrative expenses accounted for approximately 4.3% of total revenue of the Group for the year ended 31 December 2025 (year ended 31 December 2024: 3.8%).

## **Finance Costs**

Finance costs of the Group decreased from approximately RMB18.9 million for the year ended 31 December 2024 to approximately RMB16.0 million for the year ended 31 December 2025, representing a decrease of approximately RMB2.9 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 year ended 31 December 2025 as compared with that for the year ended 31 December 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 year ended 31 December 2025 was approximately RMB14.3 million as against an income tax credit of approximately RMB2.1 million for the year ended 31 December 2024. The increase in income tax expense was mainly due to: i) the increase in PRC Corporate Income Tax provision in respect of a subsidiary of the Group and ii) increase in deferred tax provision resulting from reversal of deferred tax assets attributable to utilisation of the tax losses of 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 decreased from approximately RMB11.7 million for the year ended 31 December 2024 to approximately RMB6.7 million for the year ended 31 December 2025, representing a decrease of approximately RMB5.0 million or 43.0%. The decrease in loss attributable to owners of the Company was mainly due to the increase in gross margin partly offset by decrease in other income and increase in tax expense. The net loss margin of the Group decreased from approximately 0.9% for the year ended 31 December 2024 to approximately 0.6% for the year ended 31 December 2025.

### **Loss per Share**

The basic loss per share of the Company decreased from approximately RMB9.38 cents (restated) for the year ended 31 December 2024 to approximately RMB5.35 cents for the year ended 31 December 2025, representing a decrease of approximately RMB4.03 cents or 43.0%. The decrease in loss per share of the Company was due to the decrease in the net loss for the year ended 31 December 2025.

### **Liquidity and Financial Resources**

The Group generally finances its operations with internally generated cash flow and facilities provided by its bankers in the PRC. During the year ended 31 December 2025, the Group had a net cash inflow from operating activities. The Group had cash and bank balances of approximately RMB293.7 million (31 December 2024: RMB209.1 million), nil short-term time deposits (31 December 2024: RMB4.6 million), pledged bank deposits of approximately RMB25.6 million (31 December 2024: RMB57.2 million) at 31 December 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 31 December 2025, the Group's interest-bearing borrowings amounted to approximately RMB380.8 million (31 December 2024: RMB412.7 million), RMB370.8 million (97.4%) 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 RMB375.2 million in aggregate as at 31 December 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 32.9% at 31 December 2025 (31 December 2024: 34.6%). Net current liabilities and net assets at 31 December 2025 were approximately RMB104.5 million (31 December 2024: RMB195.9 million) and RMB653.0 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 31 December 2025 were approximately RMB11.4 million (31 December 2024: RMB5.9 million) and RMB5.3 million (31 December 2024: RMB5.7 million), respectively. The Group had not used any financial instrument for hedging purposes during the year ended 31 December 2025.

## **Contingent Liabilities**

As at 31 December 2025, the Group did not have any contingent liabilities.

## **Employees, Remuneration and Share Option Scheme**

As at 31 December 2025, the Group had a total of 2,190 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**

As disclosed in the Company's announcement dated 27 November 2025, the Group entered into a contract to procure certain production equipment at a consideration of USD4.74 million in order to improve production efficiency and enhance energy savings.

Save as disclosed above, during the year ended 31 December 2025, the Group did not have any significant investments or acquisitions or disposal of subsidiaries.

## **PROSPECTS**

During 2025, the textile industry continued to face multiple challenges. The Russia-Ukraine Conflict remained unresolved, though both sides entered a new round of negotiations in Autumn and the intensity of military operations diminished. The Gaza Conflict subsided with the Israeli military forces taking control of Gaza, but tensions persisted as Israel and Iran engaged in twelve days of airstrikes in June before agreeing to a ceasefire. On 28 February 2026, the US and Israel conducted surprise air strikes on multiple sites and cities in Iran. Iran retaliated by drones and missiles attack against Israel, US military bases and US-allied countries in the Middle East (the "**US-Iran War**"). As the war escalates, Iran attacked vessels passing through the Strait of Hormuz and in effect blocked the strait. The US-Iran War pushed the international crude oil prices over USD100 per barrel in early March 2026 and created a fear for shortage in oil supply. The war created a major economic uncertainty as the duration is unpredictable.

The Trump Administration announced the imposition of a Reciprocal Tariff on imports into the US in April 2025, which disrupted global trade and introduced significant uncertainties into the global economy. This tariff policy suffered successive setbacks in domestic judicial procedures in the US and 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.

As anticipated, the US Federal Reserve implemented three interest rate cuts in 2025, reducing the federal funds rate by 25 basis points each in June, September and December respectively, with a cumulative cut of 75 basis points, lowering the target range from 4.25%-4.50% at the beginning of the year to 3.50%-3.75% at the end of the year. These rate cuts provided some relief for the high-interest rate environment, but interest rates remained relatively high overall, continuing to suppress global consumption and investment demand. As the US-Iran War continues, higher oil prices will translate into higher inflation, resulting in uncertainty in rate cuts by the Federal Reserve.

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. The PRC government implemented various policies to stimulate the economy and maintained its policies on cotton reserves, direct subsidies to cotton farmers, and orderly auctions of cotton reserves. While the PRC economy achieved a GDP growth of approximately 5.3% in 2025, slightly higher than the 5.0% growth in 2024, the domestic sales of the PRC's textile industry showed a year-on-year decrease of about 2.0% and the export market remained weak, with a lack of strong recovery momentum in the market.

Looking ahead into 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 will continue to upgrade the production facilities with caution. The construction of workshop number ten for the accommodation of the 24 sets of Vortex Machines has been progressing as planned. With the first batch of 12 sets scheduled to be delivered in April 2026 and the installation and testing is expected to commence in the second quarter of 2026. 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 to enhance production efficiency and reduce costs. The Group will also continue to adjust its product portfolio, focusing on products with higher entry barriers and better margins, while enhancing 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.

#### **ANNUAL GENERAL MEETING**

It is proposed that the annual general meeting of the Company (the “**Annual General Meeting**”) will be held on Thursday, 4 June 2026. Notice of the Annual General Meeting will be published and dispatched to the shareholders of the Company (the “**Shareholders**”) in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in due course.

#### **DIVIDEND**

The Board did not recommend the payment of final dividend in respect of the year ended 31 December 2025.

#### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders’, eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 1 June 2026 to Thursday, 4 June 2026 (both days inclusive), during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 29 May 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 year ended 31 December 2025.

## **CODE OF CORPORATE GOVERNANCE PRACTICES**

Save as disclosed below, during the year ended 31 December 2025, the Company had complied with the code provisions of the existing Corporate Governance Code (the “**CG Code**”) and Corporate Governance Report as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct governing the Directors’ securities transactions. The Company confirms that, having made specific enquiry of all the Directors, each of them has complied with the required standard as set out in the Model Code throughout the year ended 31 December 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 year ended 31 December 2025.

## **SCOPE OF WORK OF RSM HONG KONG**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group’s auditor, RSM Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by RSM Hong Kong on the preliminary announcement.

## **PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at [www.chinaweavingmaterials.com](http://www.chinaweavingmaterials.com). The annual report of the Company for the year ended 31 December 2025 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

## **ACKNOWLEDGEMENT**

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

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

Hong Kong, 25 March 2026

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