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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO. The Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment of the Group's unaudited consolidated management accounts and information currently available to the Board, it is expected that the Group may record a substantial decrease in its consolidated net profit for the six months ending 30 June 2022 as compared to that for the six months ended 30 June 2021.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Weaving Materials Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the “**SFO**”).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary review of the Group's unaudited consolidated management accounts for the five months ended 31 May 2022, the Group recorded a consolidated revenue and consolidated net profit of approximately RMB610 million and RMB31 million respectively. As such, it is expected that the Group may record a substantial decrease in its consolidated net profit for the six months ending 30 June 2022 (the “**Period**”) as compared to that for the six months ended 30 June 2021. The consolidated revenue and consolidated net profit for the six months ended 30 June 2021 was approximately RMB768 million and RMB104 million respectively.

The expected decrease in the consolidated net profit of the Group for the Period is mainly attributable to the decrease in gross profit resulting from decrease in gross profit margin of the Group's yarn products. The decrease in gross profit margin was mainly due to the increase in cost of production driven by higher cost of materials. One of the major basic raw materials of the yarn

products of the Group is polyester staple fibre (“**PSF**”), which is a downstream product of crude oil. International crude oil prices have been fluctuating upward throughout 2021 and in the first half of 2022. Russia’s military conflict with Ukraine (“**Russia Ukraine Conflict**”) since February 2022 has exacerbated such increase. The prices of downstream products of crude oil, including PSF, have been driven up accordingly. In addition, the growth momentum of the People’s Republic of China (“**PRC**”) economy has slowed down in the first quarter of 2022. The outbreak of a new wave of Covid-19 pandemic (the “**Pandemic**”) in the Shanghai and surrounding area in around April 2022 and the associated Pandemic control measures have further adversely affected the economy of the PRC. Domestic consumption in the PRC has also been affected and different industries, including the textile industry, have been adversely affected. Due to unfavourable market conditions, the increase in the selling prices of the yarn products of the Group has not been able to catch up with that of the increase in the cost of production.

The information contained in this announcement is only based on the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group for the five months ended 31 May 2022 and information currently available to the Board. It is not based on any figures or information that has been audited or reviewed by the auditor of the Company. The interim results announcement of the Company for the Period is expected to be released by the end of August 2022 in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

The PRC, 21 June 2022

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. Zhang Baixiang, Mr. Xu Yiliang and Mr. Li Guoxing as the independent non-executive Directors.