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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 2023 as compared to that for the six months ended 30 June 2022.

**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 2023, the Group recorded a consolidated revenue and consolidated net loss of approximately RMB358 million and RMB9 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 2023 (the “**Period**”) as compared to that for the six months ended 30 June 2022. The consolidated revenue and consolidated net profit of the Company for the six months ended 30 June 2022 was approximately RMB697 million and RMB34 million, respectively.

The expected decrease in the consolidated net profit or the expected consolidated net loss of the Group for the Period is mainly attributable to the decrease in gross profit resulting from decrease in revenue and decrease in gross profit margin of the Group's yarn products. The decrease in revenue was mainly due to the decrease in sales volume and lower average selling prices of the Group's yarn products as compared with that for the six months ended 30 June 2022. The decrease in sales volume was mainly due to poor market conditions. The costs of raw materials were lower in the Period as compared with that for the six months ended 30 June 2022. The average selling prices of the Group's yarn products were dragged down accordingly. However, due to poor market demand, the prices of yarn products faced increased pressure and fell at a faster rate than that of the raw materials, which further contributed to the deterioration of the Group's gross profit margin. As a result of stagnant global economy, the demand for textile and apparel products in the first five months of 2023 has been weak in general and the market conditions for the textile industry in the PRC have been difficult.

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 2023 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 2023 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, 16 June 2023

*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.*