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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)

POSITIVE PROFIT ALERT

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 increase in its consolidated net profit for the year ending 31 December 2021 as compared to that for the year ended 31 December 2020.

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 eleven months ended 30 November 2021, the Group recorded a consolidated revenue and consolidated net profit of approximately RMB1,857 million and RMB200 million respectively. As such, it is expected that the Group may record a substantial increase in its consolidated net profit for the year ending 31 December 2021 (the “**Year**”) as compared to that for the year ended 31 December 2020.

The expected increase in the consolidated net profit of the Group for the Year is mainly attributable to the increase in gross profit resulting from an increase in sales and gross profit margin of the Group's yarn products. The increase in sales is mainly due to the increase in

sales volume and selling prices of yarn products. The increase in gross profit margin is mainly due to favourable market conditions.

With the progress in vaccination programs, different economies started to reopen in 2021 but at different paces. The People's Republic of China (the "PRC") has been very successful in containing the Pandemic in the second quarter of 2020 and the economy rebounded in the second half of 2020. The growth momentum continued into 2021 and consumer confidence and retail sales have increased. On the contrary, the countries in South Asia and Southeast Asia have not been able to contain the Pandemic successfully and their manufacturing industries have been adversely affected, resulting in a portion of orders coming to the PRC. In addition, the upward price trend of yarn products driven by the increase in prices of crude oil-related raw materials also contributed to the increase in selling prices of the yarn products of the Group. The above factors have contributed to a market in the PRC with conditions favourable to the Group.

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 eleven months ended 30 November 2021 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 results announcement of the Company for the Year is expected to be released by the end of March 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, 16 December 2021

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.