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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 consolidated net loss of approximately RMB26 million for the year ended 31 December 2023 as compared to a consolidated net loss of approximately RMB13 million for the year ended 31 December 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 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 consolidated net loss of approximately RMB26 million for the year ended 31 December 2023 (the “**Year**”) as compared to a consolidated net loss of approximately RMB13 million for the year ended 31 December 2022.

The expected consolidated net loss of the Group for the Year 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. Based on the information currently available to the Board, the Group is expected to record consolidated revenue of approximately RMB1,107 million for the Year as compared to consolidated revenue of approximately RMB1,318 million for the year ended 31 December 2022. The decrease in revenue was mainly due to the decrease in sales volume and average selling prices of the Group's yarn products. The decrease in sales volume was due to poor market conditions. In response to such market conditions, the Group adjusted its product portfolio, offering more mass market products with lower average selling prices. The decrease in gross profit margin was mainly due to the adoption of a more aggressive pricing strategy for the Group's products in order to control the level of inventory and to achieve a desirable utilization rate for the Group's production capacity. As result of a stagnant global economy, the demand for textile and apparel products during the Year has been weak in general and the market conditions for the textile industry in the PRC have been challenging.

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 Year and information currently available to the Board, which has not been audited or reviewed by the auditor of the Company or the audit committee of the Company, and may be subject to further adjustments. The results announcement of the Company for the Year is expected to be released by the end of March 2024 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
Cheung Chi Fai Frank
Company Secretary

Hong Kong, 4 March 2024

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 Mr. Xu Yiliang, Mr. Wong Tak Shing and Mr. Li Guoxing as the independent non-executive Directors