

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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)

PROFIT ALERT – REDUCTION IN LOSS

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 loss as compared to that for the year ended 31 December 2023 or a consolidated net profit for the year ended 31 December 2024.

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 for the eleven months ended 30 November 2024, the Group recorded a consolidated net loss of approximately RMB0.2 million. As such, it is expected that the Group may record a substantial decrease in its consolidated net loss or a consolidated net profit for the year ended 31 December 2024 (the “**Year**”) as compared to a consolidated net loss of approximately RMB26.5 million for the year ended 31 December 2023.

The expected reduction in consolidated net loss or the consolidated net profit of the Group for the Year is mainly attributable to the increase in gross profit resulting from increase in revenue and increase in gross profit margin of the Group's yarn products. Based on the information currently available to the Board, the Group recorded consolidated revenue of approximately RMB1,127 million for the eleven months ended 30 November 2024 as compared to consolidated revenue of approximately RMB1,107 million for the year ended 31 December 2023. The increase in revenue was mainly due to the increase in sales volume of the Group's yarn products resulting from improvement in market conditions. The increase in gross profit margin was mainly due to improvement in market conditions and change in product mix as the Group focused more on high end products, such as polyester-fine combed cotton blended yarn products, which generally deliver a higher margin. The decrease in production cost per unit also contributed to the improvement in gross profit margin. The Group increased the production volume in response to the increase in sales volume and the utilization rate of the production facilities improved as a result of increased production volume. Improved production facilities utilization translated into lower per unit production costs accordingly.

The Company is still in the process of finalising its consolidated results of the Group for the Year. The information contained in this announcement is only based on a preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and information currently available to the Board, which have 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 2025 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, 27 December 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; Ms. Chow Sin Yee Caroline, Mr. Xu Yiliang, Mr. Wong Tak Shing and Mr. Li Guoxing as the independent non-executive Directors.