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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 Group, it is expected that the Group may record a consolidated net loss for the six months ending 30 June 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 five months ended 31 May 2020, the Group recorded a consolidated net loss of approximately RMB21 million as compared to a consolidated net profit of approximately RMB31 million for the six months ended 30 June 2019. As such, it is expected that the Group may record a consolidated net loss for the six months ending 30 June 2020 (the “**Period**”).

The expected consolidated net loss of the Group for the Period is mainly attributable to the decrease in the Group's gross profit resulting from decrease in sales and gross profit margin of the Group's yarn products. The sales revenue of the Group for the five months ended 31 May 2020 was approximately RMB428 million as compared to approximately RMB847 million for the six months ended 30 June 2019. The decrease in sales was due to decrease in sales volume and depressed selling prices of the yarn products. The decrease in sales volume was mainly due to disruption of

business activities as a result of the massive outbreak of the Novel Coronavirus (2019-nCoV) epidemic (the “**Epidemic**”) since the beginning of 2020. The depressed selling prices of yarn products was due to: (i) the unfavourable market conditions brought upon by the Epidemic and (ii) the downward pressure on polyester yarn products due to the falling prices of crude oil-related raw materials resulting from the collapse of crude oil prices in the first quarter of 2020.

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 2020 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 2020.

**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*

Hong Kong, 12 June 2020

*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.*