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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)**

#### **DISCLOSEABLE TRANSACTIONS:**

#### **PURCHASE OF PRODUCTION EQUIPMENT**

Reference is made to the announcement of the Company dated 13 July 2021 regarding the construction of a new workshop.

In order to implement the plan for the construction of a new workshop, the Purchaser, an indirect wholly-owned subsidiary of the Company, has entered into certain contracts with third party vendors to procure the necessary equipment and parts. Among such contracts, the Purchaser entered into three contracts, namely, the Purchase Contracts, with the Vendor between 23 July 2021 and 27 July 2021, pursuant to which the Purchaser shall purchase from the Vendor various production equipment for a total consideration of RMB61,110,000.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Purchase Contracts and the transactions contemplated thereunder, on an aggregate basis, is or are more than 5% and less than 25%, the Purchase Contracts and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

#### **THE PURCHASE CONTRACTS**

The principal terms of the Purchase Contracts are as follows.

##### *The 1<sup>st</sup> Purchase Contract*

Date	23 July 2021
Vendor :	Jingwei Textile Machinery Co. Ltd.
Purchaser	Jiangxi Jinyuan
Equipment to be acquired:	2 sets of blowing-carding frames
Total consideration:	RMB12,000,000

The consideration was agreed after arm's length negotiation between the Vendor and the Purchaser with reference to the market prices of similar products in the market

Payment terms: A down payment of RMB 600,000 shall be paid within 7 days after signing the Purchase contracts

First instalment of RMB 6,000,000 shall be paid on or before 20 December 2021 (inclusive of the down payment)

Balance of the contract amount shall be paid on or before 20 June 2022

Delivery Schedule: Upon the payment of the first instalment

*The 2<sup>nd</sup> Purchase Contract*

Date 23 July 2021

Vendor : Jingwei Textile Machinery Co. Ltd.

Purchaser Jiangxi Jinyuan

Equipment to be acquired: 30 sets of auto-winder frames

Total consideration: RMB 21,000,000

The consideration was agreed after arm's length negotiation between the Vendor and the Purchaser with reference to the market prices of similar products in the market

Payment terms: A down payment of RMB 1,000,000 shall be paid within 7 days after signing the Purchase contracts

First instalment of RMB 10,500,000 shall be paid on or before 20 December 2021 (inclusive of the down payment)

Balance of the contract amount shall be paid on or before 20 June 2022

Delivery Schedule: Upon the payment of the first instalment

*The 3<sup>rd</sup> Purchase Contract*

Date 27 July 2021

Vendor : Jingwei Textile Machinery Co. Ltd.

Purchaser Jiangxi Jinyuan

Equipment to be acquired: 30 sets of spinning frames

Total consideration: RMB 28,110,000

The consideration was agreed after arm's length negotiation between the Vendor and the Purchaser with reference to the market prices of similar products in the market

Payment terms: A down payment of RMB 1,000,000 shall be paid within 3 days after signing the Purchase contracts

90% of the contract amount in respect of equipment to be delivered shall be paid upon delivery, 5 % of the contract amount of equipment delivered shall be paid upon testing, balance of 5 % shall be paid within one year after completion of testing.

Delivery Schedule: January 2022 10 sets  
February 2022 10 sets  
March 2022 10 sets

## **REASONS FOR THE PURCHASE**

Reference is made to the announcement of the Company dated 13 July 2021 regarding the plan for the proposed construction of a new workshop by Jinyuan. The purchase of production equipment pursuant to the Purchase Contracts is part of the implementation of the plan and necessary for the Group's future expansion.

The Board considers that the terms of the Purchase Contracts and the transactions contemplated thereunder were entered into on normal commercial terms and fair and reasonable and the purchase of production equipment is in the interest of the Group and the shareholders of the Company as a whole. The consideration to be paid under the Purchase Contracts will be funded by the funds generated by the Group and bank loans.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the counterparty to the Purchase Contracts is the same, and are expected to complete within a 12-month period, the Directors consider it appropriate to aggregate the Purchase Orders to determine the classification of the transactions under the Purchase Contracts for the purpose of Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Purchase Contracts and the transactions contemplated thereunder, on an aggregate basis, is or are more than 5% and less than 25%, the Purchase Contracts and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **INFORMATION ABOUT THE VENDOR**

To the best knowledge, information and belief having made all reasonable enquiry of the Directors, Jingwei Textile Machinery Co. Ltd. and its ultimate beneficial owner are third parties independent of

the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company.

Based on information provided by the Vendor and publicly available information, the Vendor is a public company listed on the Shenzhen Stock Exchange (stock code 000666) and is primarily engaged in the manufacture, sale and maintenance of textile machinery.

## GENERAL

The Group is principally engaged in the business of manufacturing and trading of yarns products and related raw materials.

## DEFINITIONS

In this announcement, unless the context other requires, the following terms shall have the following meanings:

“1 <sup>st</sup> Purchase Contract”	a purchase contract dated 23 July 2021 entered into by the Purchaser and the Vendor for the purchase of 2 sets of blowing-carding frames
“2 <sup>nd</sup> Purchase Contract”	a purchase contract dated 23 July 2021 entered into by the Purchaser and the Vendor for the purchase of 30 sets of auto-winder frames
“3 <sup>rd</sup> Purchase Contract”	a purchase contract dated 27 July 2021 entered into by the Purchaser and the Vendor for the purchase of 30 sets of spinning frames
“Board”	the Board of Directors
“Company”	China Weaving Material Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on The Stock Exchange of Hong Kong Limited
“Connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Jinyuan”	Jinyuan Textile Company Limited, Jiangxi, a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratios”	the percentage ratios which have the meanings as ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, excluding , for the purpose of this

announcement, Hong Kong , the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Purchaser”	Jinyuan
“Purchase Contracts”	collectively, the 1 <sup>st</sup> Purchase Contract, and 2 <sup>nd</sup> Purchase Contract and the 3 <sup>rd</sup> Purchase Contract, and each a “Purchase Contract”
“RMB”	Renminbi, the lawful currency of the PRC
“Vendor ”	Jingwei Textile Machinery Co. Ltd., (經緯紡織機械股份有限公司) a company incorporated under the laws of the PRC with limited liability whose shares are listed on The Shenzhen Stock Exchange (stock code 000666).

By Order of the Board  
**China Weaving Materials Holdings Limited**  
**Zheng Hong**  
*Chairman*

The PRC, 6 August 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.*