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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)

FURTHER UPDATE ON 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 update the Shareholders and potential investors that based on the 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 of approximately RMB20 million for the year ended 31 December 2019.

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**”).

Reference is made to the Company's profit warning announcements dated 16 January 2020 and 13 March 2020 (the “**Announcements**”). Capitalised terms used herein shall have the same meanings as defined in the Announcements.

As disclosed in the Announcements, the Group is expected to record a substantial decrease in its consolidated net profit for the Year as compared to that for the year ended 31 December 2018 due to decrease in gross profit and possible impairment loss on certain properties, plant and equipment of a subsidiary (the “**PPE**”) engaged in the production of PSF. It was further disclosed that the Group is expected to record a consolidated net loss for the Year mainly due to (i) a decrease in gross profit of the Group of not less than RMB78 million as compared to that for the year ended 31 December 2018 and (ii) an impairment loss of not less than RMB40 million on the PPE.

The Board wishes to update the Shareholders and potential investors that based on the assessment of the Group's latest unaudited consolidated management accounts and the preliminary impairment assessment of the PPE, it is expected that the Group may record a consolidated net loss of approximately RMB20 million for the Year.

The Company is still in the process of finalizing its results for the Year, which are subject to further adjustments. The information contained in this announcement is not based on any figures nor information that has been audited or reviewed by the auditor of the Company and only reflects the latest assessment by the Board on the unaudited consolidated management accounts of the Group and information currently available to the Group. The results announcement of the Company for the Year is expected to be released by the end of March 2020 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, 18 March 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.