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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)

POSITIVE PROFIT ALERT

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 substantial increase in its consolidated net profit for the year ended 31 December 2018 as compared to that for the year ended 31 December 2017.

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 eleven months ended 30 November 2018, the unaudited consolidated earnings of the Group for the eleven months ended 30 November 2018 record a substantial increase as compared to that for the full year ended 31 December 2017. As such, it is expected that the Group may record a substantial increase in its consolidated net profit for the year ending 31 December 2018 (the “**Year**”) as compared to that for the year ended 31 December 2017.

The expected substantial increase in the consolidated net profit of the Group for the Year is mainly attributable to (i) an increase in the Group's gross profit resulting from increase in sales and gross profit margin of yarn products due to improvements in the product mix of the Group and market conditions. The increase in gross profit was partially offset by a substantial decrease in other gains,

mainly because the Company recognized a fair value gain on the derivative component of its convertible bond (the “**Bond**”) of approximately RMB50.9 million which was partially offset by a loss on redemption of the Bond of approximately RMB18.3 million for the year ended 31 December 2017, and such gain and loss did not recur for the Year due to redemption of the Bond in the second half of 2017; and (ii) the substantial decrease in finance cost for the Year mainly due to the savings in interest on the Bond of approximately RMB 19.0 million as a result of its redemption in the second half of 2017.

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 eleven months ended 30 November 2018 and information currently available to the Board. The information contained in this announcement is not based on any figures or information that has been audited or reviewed by the auditor of the Company. The Directors wish to emphasize that the results of the Group for the Year will be affected by, among others, the cotton and polyester staple fibre market prices, which may be subject to frequent and volatile fluctuation. The final results announcement of the Company for the Year is expected to be released by the end of March 2019.

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, 21 December 2018

As at the date of this announcement, the Board comprises Mr. Zheng Hong and Mr. Zheng Yongxiang as the executive Directors; Mr. Sze Irons BBS, JP as the non-executive Director; Ms. Zhang Baixiang, Mr. Xu Yiliang and Mr. Ng Wing Ka JP as the independent non-executive Directors.