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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 will record a substantial increase in its consolidated net profit for the six months ended 30 June 2018 as compared to that for the six months ended 30 June 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 (“**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 and information currently available to the Group, it is expected that the Group will record a substantial increase in its consolidated net profit for the six months ended 30 June 2018 (the “**Interim Period**”) as compared to that for the six months ended 30 June 2017.

The expected substantial increase in the consolidated net profit of the Group for the Interim Period is mainly attributable to i) an increase in the Group's gross profit of approximately RMB29 million resulting from increase in sales volume and gross profit margin of yarn products due to improvements in the market conditions, which was partially offset by a substantial decrease in other gains. The substantial decrease in other gains was mainly because the Company recognized a fair value gain on the derivative component of its convertible bond of approximately RMB14.5 million

for the six months ended 30 June 2017 and such gain did not recur for the six months ended 30 June 2018 due to its full redemption in the second half of 2017; ii) a substantial decrease in finance cost of approximately RMB 12.5 million for the six months ended 30 June 2018 mainly due to the savings in interest on the Company's convertible bond as a result of its full redemption in the second half of 2017.

The Company is still in the process of finalizing its interim results for the Interim Period, which may be subject to further adjustments. 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 and only reflects the preliminary assessment by the Board on the unaudited consolidated management accounts of the Group and information currently available to the Group. The interim results announcement of the Company for the Interim Period is expected to be released by the end of August 2018 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**  
**Zheng Hong**  
*Chairman*

Hong Kong, 8 August 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.*