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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: 03778)

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 information currently available to the Group, it is expected that the Group would record a consolidated net loss for the year ended 31 December 2014 as compared to consolidated net profit for the year ended 31 December 2013.

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 information currently available to the Group, it is expected that the Group would record a consolidated net loss for the year ended 31 December 2014 as compared to consolidated net profit for the year ended 31 December 2013.

Reference is made to the announcement made by the Company on 2 January, 2015 in relation to, among other things, a fire incident (the “**Fire Incident**”) at phase III of the production bases (“**Phase III**”) of the Group situated at Fu Da Road, Fengtian Development Zone, Fengxin County, Jiangxi Province, PRC. Preliminary assessment of the damage of the Fire Incident indicated that the damages caused to certain inventory, plant and machinery, part of the building premises including the warehouse and Workshop One were estimated to be approximately RMB50 million in aggregate. The final amount of the Group’s loss as a result of the Fire Incident has yet to be ascertained. The

Group has filed claims in respect of the Fire Incident under the relevant insurance policies and the amount of insurance compensation which may be paid to the Group has yet to be ascertained. However, it is expected that the insurance compensation will not be sufficient to cover the above mentioned damages in full.

Phase III is closed and the production at Phase III is suspended. Preliminary assessment indicated that the clean-up and restoration of Workshop one and the warehouse and re-installation of the production line at Phase III will take a few months.

Taking into account the unaudited consolidated management accounts of the Group for the eleven months ended 30 November 2014 and the estimated damage caused by the Fire Incident, it is expected that the Group would record a consolidated net loss for the year ended 31 December 2014 as compared to consolidated net profit for the year ended 31 December 2013.

The Company is still in the process of finalising the final results of the Group for the year ended 31 December 2014. 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 preliminary assessment by the Board on the final results. The final results announcement of the Company for the year ended 31 December 2014 is expected to be released in March 2015.

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, 5 January 2015

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