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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 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 decrease in its consolidated net profit for the six months ended 30 June 2014 as compared to that for the six months ended 30 June 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 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 decrease in its consolidated net profit for the six months ended 30 June 2014 (the “**Interim Period**”) as compared to that for the six months ended 30 June 2013.

The expected substantial decrease in the consolidated net profit of the Group for the Interim Period is mainly due to (i) the decline in turnover and gross profit of the Group as a whole and (ii) reduction in other income as a result of reduction in both government grant and income from scrap sales. The decline in turnover and gross profit of the Group was mainly attributable to the general weakness in the market conditions of the textile industry in the People's Republic of China (the “**PRC**”) during the Interim Period. The domestic cotton prices in PRC have dropped significantly

since April 2014 as a result of the cancellation of the government's national cotton temporary reserve policy. Lower cotton prices have dragged down the prices of yarn products and the shift in policy has also introduced uncertainty to the prices of domestic cotton and increased their volatility. The players in the textile market have generally adopted a cautious approach to purchasing which has negatively impacted the market demand and accordingly, the Group's sales volume and selling prices of yarn product.

The Company is still in the process of finalizing its interim results for the Interim Period, 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 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 in August 2014 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 2014

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. Chan Mei Bo, Mabel, Mr. Nie Jian Xin and Mr. Ng Wing Ka as the independent non-executive Directors.