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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)

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 may record a substantial decrease in its consolidated net profit for the year ended 31 December 2012 as compared to that for the year ended 31 December 2011.

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, 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 may record a substantial decrease in its consolidated net profit for the year ended 31 December 2012 as compared to that for the year ended 31 December 2011.

The expected substantial decrease in the consolidated net profit of the Company is primarily due to the decline in turnover and gross profit margin of the Group as a whole. Such decline was mainly attributable to the deterioration in the market conditions of the textile industry in the People’s Republic of China (“**PRC**”) and around the world during the year ended 31 December 2012. During the year ended 31 December 2012, the sovereign debt crisis in the Euro zone has continued to adversely affect the global economy and the pace of growth in the PRC has shown signs of slowing. As a result, both domestic sales and export of textile products in the PRC were weakened during the year ended 31 December 2012, resulting in diminished demand for and downward price pressure on yarn products across the industry, which in turn resulted in decreases in our turnover and in our gross profit margins.

The Company is still in the process of finalising the final results of the Group for the year ended 31 December 2012. 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 2012 is expected to be released in March 2013.

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By Order of the Board
China Weaving Materials Holdings Limited
Zheng Hong
Chairman

Hong Kong, 31 January 2013

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.