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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)

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION, STABILISING ACTIONS AND END OF STABILISATION PERIOD

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option has been partially exercised by the Sole Lead Manager on behalf of the International Underwriters on 13 January 2012 in respect of 12,500,000 Over-allotment Shares, representing approximately 5% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option to cover over-allocations in the International Placing.

The Over-allotment Shares will be issued and allotted by the Company at HK\$0.70 per Share (excluding brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), being the Offer Price in connection with the Global Offering.

STABILISING ACTIONS AND END OF STABILISATION PERIOD

The Company also announces that the stabilisation period in connection with the Global Offering ended on 14 January 2012. Stabilising actions have been taken during the stabilisation period. These stabilising actions were:

- (i) over-allocation of an aggregate of 12,500,000 additional new Shares in the International Placing, representing 5% of the number of Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option;
- (ii) the borrowing of an aggregate of 12,500,000 Shares from Popular Trend pursuant to the Stock Borrowing Agreement for the settlement of over-allocations in the International Placing; and
- (iii) the partial exercise of the Over-allotment Option in respect of 12,500,000 Shares, representing approximately 5% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option.

PARTIAL EXERCISE OF OVER-ALLOTMENT OPTION

The Company announces that the Over-allotment Option has been partially exercised by the Sole Lead Manager on behalf of the International Underwriters on 13 January 2012 in respect of 12,500,000 additional new Shares (the “**Over-allotment Shares**”), representing approximately 5% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option to, among other things, cover over-allocation in the International Placing.

The Over-allotment Shares will be allotted and issued by the Company at HK\$0.70 per Share (excluding brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%), being the Offer Price in connection with the Global Offering.

Listing of and permission to deal in the Shares pursuant to the Over-allotment Option have already been granted by the Listing Committee of the Stock Exchange. Dealing in the 12,500,000 Shares are expected to commence at 2:00 p.m. on 18 January 2012.

The shareholding structures of the Company immediately before and immediately after the allotment and issue of the Over-allotment Shares by the Company are as follows:

Shareholder	Immediately before the allotment and issue of the Over-allotment Shares		Immediately after the allotment and issue of the Over-allotment Shares	
	Number of Shares	Approximate % of issued share capital	Number of Shares	Approximate % of issued share capital
Popular Trend	467,550,000	46.76%	467,550,000	46.18%
Flourish Talent	122,850,000	12.29%	122,850,000	12.13%
Orient Dynasty	67,500,000	6.75%	67,500,000	6.67%
Da Yu Investments	61,425,000	6.14%	61,425,000	6.07%
Integrity Technology	30,675,000	3.06%	30,675,000	3.03%
Other public Shareholders	250,000,000	25.00%	262,500,000	25.93%
Total	<u>1,000,000,000</u>	<u>100%</u>	<u>1,012,500,000</u>	<u>100%</u>

The additional net proceeds to be received by the Company upon allotment and issue of the over-allotment Shares are estimated to be approximately HK\$8.53 million, which will be used by the Company for the various purposes set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus on a pro-rata basis. As a result of the said partial exercise of the Over-allotment Option, the total net proceeds from the Global Offering to be received by the Company are estimated to be approximately HK\$152.0 million.

The Company continues to comply with the public float requirements under Rule 8.08(1)(a) of the Listing Rules. No new Shares or securities convertible into equity securities of the Company may be issued within six months from the Listing Date save for the situations set out in Rule 10.08 of the Listing Rules.

STABILISING ACTIONS AND END OF STABILISATION PERIOD

Pursuant to Section 9(2) of the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), the Company announces that the stabilisation period in connection with the Global Offering ended on 14 January 2012, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offer.

Guotai Junan Securities (Hong Kong) Limited, being the stabilising manager, has advised that the stabilising actions taken during the stabilisation period were:

- (i) over-allocation of an aggregate of 12,500,000 additional new Shares in the International Placing, representing 5% of the number of Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option;

- (ii) the borrowing of an aggregate of 12,500,000 Shares from Popular Trend pursuant to the Stock Borrowing Agreement for the settlement of over-allocations in the International Placing; and
- (iii) the partial exercise of the Over-allotment Option in respect of 12,500,000 Shares, representing approximately 5% of the Offer Shares initially available under the Global Offering before any exercise of the Over-allotment Option.

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

Hong Kong, 16 January 2012

As the date of this announcement, the executive Directors are Mr. Zheng Hong, Mr. Zheng Yongxiang, the non-executive Director is Mr. Sze Irons, J.P., the independent non-executive Directors are Ms. Chan Mei Bo, Mabel, Mr. Ng Wing Ka, and Mr. Nie Jianxin.