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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 of the Listing Rules. 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 six months ending 30 June 2012 as compared to that for the six months ended 30 June 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 Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The board of 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 six months ending 30 June 2012 (the “**Interim Period**”) as compared to that for the six months ended 30 June 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 and around the world during the Interim Period. During the Interim Period, the sovereign debt crisis in the Euro zone has continued to adversely affect the global economy and the pace of growth in the People’s Republic of China (“**PRC**”) has shown signs of slowing. As a result, both domestic sales and export of textile products in the PRC were weakened during the Interim Period, 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 our gross profit margins.

The Company is still in the process of finalizing its interim results for the Interim Period. 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 interim results. The interim results announcement of the Company for the Interim Period is expected to be released in August 2012.

**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, 26 June 2012

*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 Jianxin and Mr. Ng Wing Ka as the independent non-executive Directors.*