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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)

POSITIVE PROFIT ALERT

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 increase in its consolidated net profit for the year ending 31 December 2013 as compared to that for the year ended 31 December 2012.

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 a review of the Group’s unaudited consolidated management accounts for the ten months ended 31 October 2013, the unaudited consolidated earnings of the Group for the ten months ended 31 October 2013 has a substantial increase as compared to that of the year ended 31 December 2012, as such, it is expected that the Group may record a substantial increase in its consolidated net profit for the year ending 31 December 2013 as compared to that for the year ended 31 December 2012.

The expected substantial increase in the consolidated net profit of the Company is primarily due to the increase in gross profit margin of the Group. Such increase was mainly attributable to the lower cost of raw material as a result of the decrease in the Group’s average procurement costs for cotton and polyester staple fibre during 2013 as compared with that of 2012, while the Group has generally been able to sustain the selling prices of its yarn products.

The lower market prices of polyester staple fibre in 2013 were mainly due to a weak polyester market as a result of sluggish international and domestic economy in the People's Republic of China (the "PRC") and overcapacity in the polyester industry. The average prices of domestic cotton in PRC in 2013 were slightly lower than that of 2012. In addition, the Group has been able to obtain a certain amount of import quota from the PRC government for importing cotton from the overseas. The import quota enabled the Group to import overseas cotton, which have been trading at a substantially lower prices than that of domestic cotton in the PRC. The above mentioned factors contributed to lower average procurement prices of raw materials for the Group for 2013.

The information contained in this announcement is only based on a preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the ten months ended 31 October 2013, 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. The Directors wish to emphasize that the results of the Group for the year ending 31 December 2013 will be affected by, among others, the cotton and polyester staple fibre market prices, which may be subject to frequent and volatile fluctuation. The final results announcement of the Company for the year ending 31 December 2013 is expected to be released in March 2014.

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, 4 December 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.