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China National Materials Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 01893)

ANNOUNCEMENT INSIDE INFORMATION

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Sinoma International Engineering Co., Ltd. ("**Sinoma International**") is a subsidiary of China National Materials Company Limited (the "**Company**") and its A shares are listed and traded on the Shanghai Stock Exchange (stock code: 600970).

Reference is made to the announcements of the Company dated 14 August 2013, 7 January 2015 and 24 June 2015 in relation to disputes over a sales contract (the "**Case**") between Sinoma Equipment & Engineering Corp., Ltd. (中國中材東方國際貿易有限公司) ("**Sinoma E&E**"), being a wholly-owned subsidiary of Sinoma International, and the parties comprising Shanghai Dingqi Trading Co., Ltd. (上海鼎企商貿有限公司) ("**Dingqi Trading**"), Shanghai Huaji Steel Materials Co., Ltd. (上海華際鋼鐵物資有限公司) ("**Huaji Steel**") and Shanghai Xinmao Industrial Development Co., Ltd. (上海鑫貿實業發展有限公司) ("**Xinmao Industrial**") as well as guarantors including Lin Qinhu, Fujian Jinlin Industrial Co., Ltd. (福建省錦霖實業有限公司) ("**Jinlin Industrial**"), Shanghai Zhongtang Industrial Co., Ltd. (上海眾唐實業有限公司) ("**Zhongtang Industrial**"), Fujian Bangsheng Group Co., Ltd. (福建邦盛集團有限公司) ("**Bangsheng Group**"), Xu Qingzhuang, Li Shoulong, Wu Zhouguo and Lin Lizhen, together with the progress thereof.

The Company was informed by Sinoma International that Sinoma E&E has recently received the civil verdict issued by Shanghai High People's Court, giving the second instance judgement as follows:

I. Second Instance Judgement

According to civil verdict ((2015) Hu Gao Min Er (Shang) Zhong Zi No. 15) issued by Shanghai High People's Court, the court ruled as follows:

- (I) Revoke the civil verdict ((2013) Hu Yi Zhong Min Si (Shang) Chu Zi No. 24) issued by Shanghai No.1 People's Intermediate Court;
- (II) Dingqi Trading, Huaji Steel and Xinmao Industrial shall jointly repay Sinoma E&E the principal amount of RMB90,553,227.02 and the interests generated until the date of actual performance thereof (including the interests amounting to RMB28,822,078.28 accrued since 27 November 2012 and interests amounting to RMB 61,731,198.74 accrued since 15 March 2013, both based on an annual interest rate of 9.6%) within ten days since the effective date of this verdict;

- (III) Lin Qinhua, Jinlin Industrial, Zhongtang Industrial, Bangsheng Group, Xu Qingzhuang, Li Shoulong, Wu Zhouguo and Lin Lizhen shall be jointly liable for the repayment obligation of Dingqi Trading, Huaji Steel and Xinmao Industrial as stated in the aforesaid item (II); Lin Qinhua, Jinlin Industrial, Zhongtang Industrial, Bangsheng Group, Xu Qingzhuang, Li Shoulong, Wu Zhouguo and Lin Lizhen are entitled to recourse to Dingqi Trading, Huaji Steel and Xinmao Industrial after assuming such joint liability for repayment.

Parties obliged to make monetary payment, if fail to perform their obligation to pay within the period specified in this verdict, shall pay double interests for the debt for the period of deferred performance according to Article 253 of the Civil Procedure Law of the People's Republic of China.

The acceptance fee and the preservation fee of the first instance of the Case were RMB574,566 and RMB5,000, totalling RMB579,566; the acceptance fee of the second instance of the Case was RMB29,999.79, which shall be borne jointly by Dingqi Trading, Huaji Steel, Xinmao Industrial, Lin Qinhua, Jinlin Industrial, Zhongtang Industrial, Bangsheng Group, Xu Qingzhuang, Li Shoulong, Wu Zhouguo and Lin Lizhen.

This verdict shall be the final verdict.

II. The Case's Impact on the Company

Sinoma International has specifically recognized and made appropriate impairment provision for the accounts receivable of the Case in its financial report for the previous years according to the Accounting Standards for Business Enterprises and the principle of prudence. As the final results of the enforcement of the aforesaid verdict is still uncertain, the ultimate impact of the events on the profit and loss of the Company could not be estimated for the time being.

Investors are advised to pay attention to investment risks and exercise in caution when dealing in the shares of the Company.

For detailed information of the events as mentioned above, please refer to the relevant overseas regulatory announcement of the Company published on the website of The Stock Exchange of Hong Kong Limited on 28 June 2016.

By order of the Board
CHINA NATIONAL MATERIALS COMPANY LIMITED
Liu Zhijiang
Chairman of the Board

Beijing, China
28 June 2016

As at the date of this announcement, the executive directors of the Company are Mr. Liu Zhijiang and Mr. Peng Jianxin, the non-executive directors of the Company are Mr. Yu Shiliang, Mr. Li Xinhua, Mr. Li Jianlun, Mr. Yu Guobo and Mr. Tang Baoqi, and the independent non-executive directors of the Company are Mr. Leung Chong Shun, Mr. Lu Zhengfei, Mr. Wang Shimin and Mr. Zhou Zude.

Please also refer to the published version of this announcement on the Company's website.