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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, 24 June 2015, 28 June 2016 and 30 August 2016 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, the progress thereof, the results of the second instance judgement and the court's acceptance of the case of bankruptcy liquidation of Dingqi Trading.

The Company was recently informed by Sinoma International that Sinoma E&E has received the relevant documents, including the notice of filing, sent by Shanghai No.1 People's Intermediate Court by way of express mail service (EMS), according to which Shanghai No.1 People's Intermediate Court has officially accepted the enforcement application regarding the Case. The amount involved in the Case includes RMB90,553,277.02 and the corresponding interests.

Sinoma International has specifically recognized and made impairment provision for the accounts receivable involved in the aforesaid litigation in its financial reports for the preceding years according to the principle of prudence of the Accounting Standards for Business Enterprises. As the Case is still during the process of enforcement, the final results of the debt recovery is still uncertain and the ultimate impact of the events on the profit and loss of the Company could not be estimated precisely 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 21 February 2017.

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

Beijing, China
21 February 2017

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. Li Xinhua, Mr. Li Jianlun, Mr. Shen Yungang and Mr. Wang Fengting; and the independent non-executive directors of the Company are Mr. Leung Chong Shun, Mr. Lu Zhengfei and Mr. Wang Zhulin.

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