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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)

## INSIDE INFORMATION ANNOUNCEMENT ON SINOMA INTERNATIONAL'S RECEIPT OF DECISION LETTER ON ADMINISTRATIVE REGULATORY MEASURES FROM THE JIANGSU SECURITIES REGULATORY BUREAU

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).

The Company was notified by Sinoma International that, on 28 February 2017, it received "Decision Letter on Administrative Regulatory Measures" (〔2017〕No. 85) ("Decision on Rectification Measures on Sinoma International Engineering Co., Ltd.", the "**Decision Letter**") issued by the Jiangsu Regulatory Bureau of China Securities Regulatory Commission ("**Jiangsu Securities Regulatory Bureau**").

According to the Decision Letter, 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, entered into the "Debt Compensation Agreement" with Chengdu Zhonggang Real Estate Ltd (成都中港置業有限公司) ("**Chengdu Zhonggang**") on 20 August 2015, pursuant to which Sinoma E&E transferred its steel trading debt receivables of RMB95.2171 million to Chengdu Zhonggang on a discounted basis as debt compensation. Such transaction increased Sinoma International's net profit before taxation for the year of 2015 by RMB91.3070 million, in respect of which Sinoma International did not fulfil the decision-making process of its general meeting on a timely basis or make provisional announcements regarding the relevant information, but merely disclosed in this regard in its 2015 annual report. Jiangsu Securities Regulatory Bureau are of the view that the aforesaid actions were in breach of the relevant requirements of "Administrative Measures for Information Disclosure by Listed Companies" (Zheng Jian Hui Ling No. 40), "Rules for the Shareholders' General Meetings of Listed Companies (Revised in 2014)" and "Articles of Association of Sinoma International Engineering Co., Ltd.". Jiangsu Securities Regulatory Bureau took regulatory measures of rectification on Sinoma International which shall be recorded in its integrity file for securities and futures markets, and required Sinoma International to submit a written correction report to it within 30 days after its receipt of the Decision Letter. Jiangsu Securities Regulatory Bureau will decide on the further regulatory measures based on the implementation of such correction.

**The Company is currently operating under normal condition. Shareholders and potential investors of the Company 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 aforesaid matters, 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 February 2017.

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

Beijing, China  
28 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.*