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**Sinoma**

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**

### **PROFIT FORECAST OF SINOMA SCIENCE & TECHNOLOGY CO., LTD. FOR THE YEAR ENDING 31 DECEMBER 2017 BASED ON OVERSEAS REGULATORY ANNOUNCEMENT**

**The issue of Science & Technology Announcement (defined below) containing the Profit Forecast (defined below) is solely due to the relevant regulations of Shenzhen Stock Exchange.**

Reference is made to the inside information and overseas regulatory announcement dated 16 October 2017 and issued by China National Materials Company Limited (the “**Company**”) in relation to the third quarterly report for the nine months ended 30 September 2017 of Sinoma Science & Technology Co., Ltd. (“**Sinoma Science & Technology**”), a subsidiary of the Company and whose A shares are listed and traded on the Shenzhen Stock Exchange (stock code: 002080) and the announcement of Sinoma Science & Technology dated 20 October 2017 (the “**Science & Technology Announcement**”) in respect of the forecast of the profit attributable to the equity holders of Sinoma Science & Technology for the year ending 31 December 2017 (the “**Profit Forecast**”).

The board of directors of the Company (the “**Board**” or the “**Directors**”) would like to draw the attention of its shareholders and the public investors to the Profit Forecast which was extracted from the Science & Technology Announcement as set out in this announcement (the “**Announcement**”).

## Profit Forecast of Sinoma Science & Technology

1. Estimation Period: 1 January 2017 – 31 December 2017

2. Estimated Results: Increase in profit

The estimated net profit attributable to the equity holders of Sinoma Science & Technology for the year ending 31 December 2017

Compared with the previous year 2016, the growth in the net profit attributable to the equity holders of Sinoma Science & Technology for the year ending 31 December 2017 is estimated to be within the range of 80% to 120%

The Profit Forecast is within the range of (Yuan' 0,000):

72,252.59 to 88,308.73

The net profit attributable to the equity holders of Sinoma Science & Technology for the year ended 31 December 2016 (Yuan' 0,000)

40,140.33

Explanation on reasons of the changes in operating results

In the year of 2017, the overall operation of each leading industry of Sinoma Science & Technology performs well. Its operation result of 2017 is estimated to increase significantly compared with that of the same period of 2016, which is mainly attributable to:

1. The vigorous market demand of the glass fiber industry and the put-into-production of fund-raising and investment projects, accompanied with the expansion of production capacity, the decrease in cost and the increase in profit-earning capacity;
2. Due to the impact on the wind power blade industry from the market demand, the increase rate of wind power installed generating sets becomes gentle. Therefore, the Company actively adjusted the production structure and the capacity layout, by focusing on the development of blades with large size and low air-speed to match the market demand so that the production increases gradually on a month-on-month basis and the market share grows further against the trend of the market, reflecting a leading effect.
3. In the year of 2016, gas cylinder industry adjusted the layout, cut overcapacity and completed the integration of the internal asset and business which will lead to the improvement in the operating results.

## PROFIT FORECAST UNDER RULE 10 OF THE TAKEOVERS CODE

Reference is made to the joint announcement made by the Company and China National Building Material Company Limited (“**CNBM**”) dated 8 September 2017 (the “**Joint Announcement**”) in relation to, inter alia, the proposed merger by absorption between the Company and CNBM (the “**Merger**”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement. The offer period commences from 8 September 2017.

Pursuant to Rule 10 of the Takeovers Code, any estimate of profit for a limited period published by the Company during an offer period would be regarded as a profit forecast, and is required to be reported on by both the Company’s financial advisers and auditors or reporting accountants, and such reports must be lodged with the Executive in accordance with Rule 10.4 of the Takeovers Code. Accordingly, the directors of the Company consider that the Profit Forecast of Sinoma Science & Technology is subject to the reporting and announcement requirements of the Company.

The Profit Forecast, made by the directors of Sinoma Science & Technology and the Directors based on the unaudited management accounts of Sinoma Science & Technology, has been reported on by Oceanwide Capital Limited (“**Oceanwide**”), the independent financial adviser to the Company in relation to the Merger, and ShineWing Certified Public Accountants LLP (“**ShineWing**”), the auditor of the Company and Sinoma Science & Technology. Oceanwide also considers that the Profit Forecast does not affect its advice and recommendation in respect of the Merger.

The letters issued by ShineWing and Oceanwide in relation to the Profit Forecast are set out in Appendices II(A) and (B) to the Announcement, respectively, which have been lodged with the Executive. The Profit Forecast and the above-mentioned letters issued by ShineWing and Oceanwide will be set out in the supplemental document to be issued by the Company.

Each of ShineWing and Oceanwide has given and has not withdrawn their consent to the issue of the Announcement with the inclusion of its letter and references to use its name in the form and context in which they appear in the Announcement.

## CAUTION STATEMENT

Shareholders and potential investors of the Company should exercise caution in placing reliance on the Profit Estimate in assessing the merits and demerits of the transactions as described in the Joint Announcement, and when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

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

Beijing, China  
20 October 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.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

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

## **APPENDIX I – BASES AND ASSUMPTION IN THE PREPARATION OF THE PROFIT FORECAST**

### **BASES AND ASSUMPTION OF THE PROFIT FORECAST OF SINOMA SCIENCE & TECHNOLOGY**

The directors of Sinoma Science & Technology and the Directors have prepared the Profit Forecast based on the unaudited consolidated result based on the management accounts of Sinoma Science & Technology and its subsidiaries (collectively referred to as the “**Sinoma Science & Technology Group**”) for the nine months ended 30 September 2017 and a forecast of the consolidated result of the Sinoma Science & Technology Group for the remaining three months ending 31 December 2017 (the “**Forecast Period**”).

#### **Principal Assumptions for the Profit Forecast**


The Profit Forecast has been prepared on a basis consistent in all material aspects with the accounting policies currently adopted by Sinoma Science & Technology for the preparation of its audited consolidated financial statements of Sinoma Science & Technology for the year ended 31 December 2016 that are consistent with the accounting policies currently adopted by the Company, and on the following principal assumptions:

- (i) There will be no material change in the existing political, legal, fiscal, market or economic conditions in the PRC, or are otherwise material to the Sinoma Science & Technology Group’s business;
- (ii) There will be no change in legislation, regulations or rules in the PRC, which materially adversely affect the Sinoma Science & Technology Group’s business;
- (iii) There will be no material change in the basis or rates of taxation in the PRC;
- (iv) There will be no material change in the inflation rates, interest rates or foreign currency exchange rates from those currently prevailing;
- (v) The operations of the Sinoma Science & Technology Group will not be materially affected or interrupted by any force majeure events or unforeseeable factors or reasons that are beyond the control of the directors of Sinoma Science & Technology, including but not limited to occurrence of natural disasters, outbreak of epidemics, terrorists’ attack, labour disputes or serious accidents; and
- (vi) The directors of Sinoma Science & Technology and key senior management of the Sinoma Science & Technology Group will continue to involve in the development and operation of the Sinoma Science & Technology Group and the Sinoma Science & Technology Group will be able to retain our key senior management and personnel during the Forecast Period.

As at the date of this announcement, the directors of Sinoma Science & Technology and the Directors have no reason to believe that any of the assumptions as set out above will not be valid.

## APPENDIX II – LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF SINOMA SCIENCE & TECHNOLOGY

### (A) Letter from ShineWing Certified Public Accountants LLP

	信永中和會計師事務所 (特殊普通合伙)  ShineWing certified public accountants	北京市東城區朝陽門北大街 8號富華大廈A座9層  9/F, Block A, Fu Hua Mansion, No. 8, Chaoyangmen Beidajie, Dongcheng District, Beijing, 100027, P. R. China	聯繫電話: +86(010)6554 2288 telephone: +86(010)6554 2288  傳真: +86(010)6554 7190 facsimile: +86(010)6554 7190
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20 October 2017

The Board of Directors  
China National Materials Company Limited

Oceanwide Capital Limited

Dear Sirs,

中材科技股份有限公司 (Sinoma Science & Technology Co., Ltd.\*, the “Sinoma Science & Technology”)

### Profit Forecast of Sinoma Science & Technology for the Year Ending 31 December 2017

We refer to the forecast of the consolidated profit attributable to equity holders of Sinoma Science & Technology for the year ending 31 December 2017 (the “**Profit Forecast**”) set forth in the section headed “*Bases and assumption of the profit forecast of Sinoma Science & Technology*” in Appendix I to the announcement of 中國中材股份有限公司 (China National Materials Company Limited\*, “**Sinoma**”), the controlling shareholders of Sinoma Science & Technology dated 20 October 2017 (the “**Announcement**”). Sinoma Science & Technology and its subsidiaries are collectively referred to as the “**Sinoma Science & Technology Group**”. The Profit Forecast is required to be reported on under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

### *Directors’ Responsibilities*

The Profit Forecast has been prepared by the directors of Sinoma Science & Technology and the directors of Sinoma (the “**Directors**”) based on the unaudited consolidated results of the Sinoma Science & Technology Group for the nine months ended 30 September 2017, based on the management accounts of the Sinoma Science & Technology Group for the same period and a forecast of the consolidated results of the Sinoma Science & Technology Group for the remaining three months ending 31 December 2017.

The directors of Sinoma Science & Technology and the Directors are solely responsible for the Profit Forecast.

### ***Our Independence and Quality Control***

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies Hong Kong Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Reporting Accountants’ Responsibilities***

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Forecast based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “*Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness*” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the directors of Sinoma Science & Technology and the Directors have properly compiled the Profit Forecast in accordance with the bases and assumptions adopted by the directors of Sinoma Science & Technology and the Directors and as to whether the Profit Forecast is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Sinoma Science & Technology Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

## ***Opinion***

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled in accordance with the bases and assumptions adopted by the directors of Sinoma Science & Technology and the Directors as set out in Appendix I of the Announcement and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Sinoma Science & Technology Group as set out in its audited consolidated financial statements for the year ended 31 December 2016.

Yours faithfully,

ShineWing Certified Public Accountants LLP  
Beijing, China

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*The English transliteration of the Chinese name(s) in this report, where indicated with “\*”, is included for information purpose only and should not be regarded as the official English name(s) of such Chinese names.*



**(B) Letter from Oceanwide Capital Limited**



20 October 2017

The Board of Directors  
China National Materials Company Limited  
8th Floor, Tower 2 Guohai Plaza  
17 Fuxing Road Haidian District  
Beijing 100036  
The People's Republic of China

Dear Sirs,

**Sinoma Science & Technology Co., Ltd.**

**Forecast of Profit Attributable to the Equity Shareholders for the Year Ending 31 December 2017**

We refer to the announcement of China National Materials Company Limited (the “**Company**”) dated 20 October 2017 (the “**Announcement**”) in relation to the forecast of profit attributable to the equity holders of Sinoma Science & Technology Co., Ltd. (“**Sinoma Science & Technology**”), a subsidiary of China National Materials Company Limited (the “**Company**”), for the year ending 31 December 2107.

Set out below is certain financial information (the “**Profit Forecast**”) of Sinoma Science & Technology extracted from the Announcement:

Range of the estimated net profit attributable to the equity holders of Sinoma Science & Technology for the year ending 31 December 2017 (Yuan' 0,000)	72,252.59 to 88,308.73
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The Profit Forecast is regarded as a profit forecast under the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) and, therefore, is required to be reported on. This letter is issued in compliance with the requirements under Rule 10 of the Takeovers Code.

The directors of the Company and the directors of Sinoma Science & Technology are solely responsible for the Profit Forecast. The Profit Forecast has been prepared based on the unaudited consolidated results of Sinoma Science & Technology for the nine months ended 30 September 2017 and the forecast of the consolidated results of Sinoma Science & Technology for the last quarter of 2017.

We have reviewed the Profit Forecast and discussed the bases and assumptions of the Profit Forecast with the senior management of Sinoma Science & Technology. Furthermore, we have considered, and relied upon, the letter addressed to the directors of the Company and us from ShineWing Certified Public Accountants LLP dated 20 October 2017 regarding the accounting policies and calculations upon which the Profit Forecast has been made.

We have relied on the information provided and representations expressed to us by the senior management of Sinoma Science & Technology. We have assumed that all information provided and representations expressed to us are true, accurate and complete in all respects.

On the basis of the foregoing, we are of the opinion that the Profit Forecast, for which the directors of the Company and the directors of Sinoma Science & Technology are solely responsible, has been made after due care and consideration.

This letter is provided to the board of directors of the Company solely for the purpose of complying with Rule 10 of the Takeovers Code. We do not accept any responsibility to any other person in respect of, arising out of, or in connection with this letter.

Yours faithfully,  
For and on behalf of  
**Oceanwide Capital Limited**

**Noelle Hung**  
*Managing Director*

**Larry Choi**  
*Director*