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沈機集團昆明機床股份有限公司

SHENJI GROUP KUNMING MACHINE TOOL COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0300)

Announcement on Expected Loss in the Interim Results of 2013

This announcement is made pursuant to the Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance.

The board of directors (the “Board”) of Shenji Group Kunming Machine Tool Company Limited (the “Company”) and all members of the Board warrant that there are no false representations, misleading statements and material omissions in this announcement, and are severally and jointly responsible for the authenticity, accuracy and completeness of the content herein.

I. Estimated results for the current period

1. Estimated Results Period: From 1 January 2013 to 30 June 2013.
2. Estimated Results: Based on the preliminary estimates by the Company, it is estimated that the interim results of 2013 will be lost. The net profit attributable to equity holders of the Company will be negative 45,000,000.
3. The estimated results have not been reviewed or audited by certified public accountants. The certified public accountants have not issue a special explanation to address whether the expected interim results of 2013 are appropriate and prudential.

II. Profit results for the same period of last year

1. Net profit attributable to equity holders of the Company : RMB3,592,500 dollars;
2. Diluted earnings per share: RMB0.0068 dollar.

III. Reasons for the profit loss

Since the downturn market and fierce competition, the operating income of the Company during the current period decreased as compared to the same period of last year. Production

and sale scale was shrinking which led to the elasticity of fixed cost allocation decreased, thus, the profit margin decreased. Distribution expense and administrative expense decreased as compared to the same period of last year. However, the financial expense increased as compared to the same period of last year. Meanwhile, investment income and non-operating income decreased. All the above led to the loss in the interim results of 2013 of the Company. The expected loss will be 45,000,000.

IV. Other explanations

1. The above expected result is only the preliminary accounting data. Detail financial information will be disclosed in the interim report 2013 by the Company. Investors are advised to pay attention to the investment risks.
2. Related decision-making procedure of the expected results complied with the relevant requirements.

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 29 July, 2013

As at the date of this announcement, the Company's executive directors are Mr. Wang Xing, Mr. Zhang Xiaoyi, Ms. Li Shunzhen, Mr. Ye Nong; non-executive directors are Mr. Li Zhenxiong, Mr. Guan Xin, Mr. Gao Minghui, Mr. Zhang Tao; and the independent non-executive directors are Mr. Yang Xiongsheng, Mr. Xiao Jianming, Ms. Li Dongru and Mr. Chen Fusheng.