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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

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.

Reference is made to the previous announcement of the Company which disclosed that the Company was suspected of breach of financial regulations in previous years during the process of 2016 annual audit. Since the relevant problems involved a longer time, the Company could not thoroughly discover the problems in a short time. The Company decided to postpone the date of disclosure of the annual results for the year ended 31 December 2016 (“Annual Results”) to 25 April 2017, and delay in despatch the 2016 annual report (“Annual Report”) on or before 31 May 2017.

As the auditors raised unresolved issues in relation to certain aspects of the Group’s financial results as at 31 December 2016, the board of directors (the “Board”) of the Company hereby informs the shareholders (the “Shareholders”) of the Company that the Board and the audit committee (the “Audit Committee”) of the Company have received a report from the Company’s auditors Ruihua Certified Public Accountants (the “Ruihua”), dated 24 April 2017 (the “Report”) regarding, among other things, that Ruihua will not issue audit opinions on the consolidated financial statements and financial statements of the Company. In light of the significance of the matters as described in “basis for disclaimer of opinion”, we have not been able to obtain sufficient appropriate audit evidence as the basis for expressing opinions on the consolidated financial statements and financial statements of the Company. (See the notification of financial data published by the Company for details of the Report)

The Company has established a special inspection team to conduct special self-inspection for the

aforementioned matter, and proactively cooperates with the investigation, striving to complete self-inspection and investigation as early as possible. Meanwhile, the Company's auditors Ruihua will also follow up the inspection of the aforementioned matter until the matter is clarified.

The Company can only publish its 2016 annual results upon receipt of the report and recommendation from Ruihua in relation to the clarification of the aforementioned matter. The Company will publish a further announcement in due course to inform Shareholders the date for publication of the 2016 annual results.

Delay in publication of the Annual Results and delay in despatch of the 2016 Annual Report will constitute non-compliance of Rule 13.49(1) and Rule 13.46 (2) of the Listing Rules, respectively. H Shares of the Company will be suspended with effective from 9:00 a.m. on 25 April 2017 until the Company disclosed its annual results. The Company will publish further announcement(s) in due course to inform the shareholders of the Company or potential investors the progress of the publication of Annual Results and the despatch of Annual Report.

The Company decided to disclose its 2016 annual report on 25 April 2017. After the disclosure of the 2016 annual report, the Company's A Shares will be continuously suspended from 25 April 2017, since then there will be no longer trading.

Board of Directors

Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 24 April 2017

As at the date of this announcement, the Company's executive directors are Mr. Wang He, Mr. Zhang Xiaoyi, Mr. Peng Liangfeng and Mr. Jin Xiaofeng; non-executive directors are Mr. Zhang Tao, Mr. Liu Yan, Ms. Liu Haijie and Mr. Zhang Zeshun; and the independent non-executive directors are Mr. Yang Xiongsheng, Mr. Tang Chunsheng, Mr. Chen Fusheng and Mr. Liu Qiang.