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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 of the Risk Warning of the Last Trading Day on
the Company's A Shares Entering into the Delisting and Finishing Period**

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.

IMPORTANT INFORMATION

- The Company’s Shares (“Shares”) will be traded for 30 trading days in the the delisting and finishing period. As at the date of publishing this announcement (including the publishing day), Shares have been traded for 30 trading days. The date of the announcement (11 July 2018) is the last trading day of the Shares in the delisting and finishing period. After expiration of the trading period, the Company’s Shares will be terminated listing. Investors are advised to pay attention to the investment risk.
- The Company’s A shares was decided by Shanghai Stock Exchange to terminate listing. Within 5 trading days after the expiration of the delisting and finishing period, the Company’s Shares will be delisted and will be terminated listing.
- The Company will not plan or implement major assets restructuring during the delisting and finishing period.
- If investors of Shanghai Connect choose to sell the holding Shares during the delisting and finishing period, they should sell the Shares on the last trading day which is today. Currently, if the investors of Shanghai Connect choose to continue to hold the Shares of the Company, after the Shares of the Company entering the National Equities Exchange and Quotations system, the Shares may not be transferable. Investors are advised to invest

cautiously and pay attention to the risk.

- Currently, the production and operation of the Company are normal. The management of the Company will cope with the delisting risk proactively and properly. Investors are advised to pay attention to the investment risk.

On 22 May 2018, the Company received the Decision on Termination of Listing of the Shares of Shenji Group Kunming Machine Tool Company Limited Issued by Shanghai Stock Exchange. The Shanghai Stock Exchange decided to terminate the listing of the Shares of the Company.

According to relevant regulations under Shanghai Listing Rules, the Company's Shares entered into the delisting and finishing period on 30 May 2018.

I. The stock code, short name and limit on daily price variation of the security of the Company's Shares during the delisting and finishing period

1. Stock code: 600806
2. Short name of the security: Delisting Kunming Machine
3. Limit on daily price variation: 10%.

II. Trading period of the Shares and the expected last trading date of the Company's Shares during the delisting and finishing period

Commence date of trading of the Shares of the Company in the delisting and finishing period was 30 May 2018. The delisting and finishing period will be 30 trading days. The date of the announcement (11 July 2018) is the last trading day of the Shares in the delisting and finishing period.

During the delisting and finishing period, the Shares will be traded on Risk Warning Board of Shanghai Stock Exchange. The limit on daily price variation will be 10%. The Shares will be delisted by Shanghai Stock Exchange within 5 trading days after expiration of delisting and finishing period, and the Shares of Company will be terminated listing.

III. Explanation on the Company not planning or implementating major assets restructuring during the delisting and finishing period of the Shares of the Company

According to relevant regulations of Business implementation details in the delisting and finishing period issued by Shanghai Stock Exchange, during the delisting and finishing period of the Shares of the Company, the Company will not plan or implement major assets restructuring.

IV. Other significant events

Before the Shares being implemented delisting risk warning, Delisting Kunming Machine was the target of Shanghai Connect. Currently, the Company still has some investors of Shanghai Connect. As Delisting Kunming Machine currently has been transferred out of the target of Shanghai Connect, investors may choose to sell the holding Shares during the delisting and finishing period. However, they cannot buy the Shares of the Company. Currently, if the investors of Shanghai Connect choose to continue to hold the Shares of the Company, after the

Shares of the Company entering the National Equities Exchange and Quotations system, the Shares may not be transferable. For specific issues, please contact HKSCC through relevant CCASS Participants to understand the situation.

V. Risk warning

11 July 2018 is the last trading day of the Shares of the Company in delisting and finishing period. Investors should pay attention to the following matters when they participate in the trading:

On 28 April 2018, the Company disclosed the annual report of 2017. Net profit attributable to equity shareholders of the Company for 2017 was negative 350 million. The Company had losses for consecutive 4 years. For the first quarter of 2018, net profit attributable to equity shareholders of the Company was negative 56 million.

The Company has disclosed that it has received lawsuits from small and medium shareholders due to information disclosure violations. Currently, the lawsuits are in the stage of accepting and responding to the cases. The Company predicted that it will receive lawsuits one after another based on the same subject matter. Due to the wide range involved, it is not possible to accurately assess the amount of potential compensation for the corresponding lawsuits and the possible impact on the Company. Investors should be aware of the potential adverse effects of equity lawsuits on the Company's assets and cash flow.

The Company's subsidiary, Xi'an Ser Turbo Machinery Manufacturing Co., Ltd. ("Xi'an Ser") and its subsidiary, Changsha Ser Turbine Machinery Co., Ltd. ("Changsha Ser") have difficulties in operation. The basic bank accounts and some general accounts of the two companies were judicially frozen due to lawsuits. The two companies have basically been in a semi-suspended position, their related financial conditions have gradually deteriorated, and the two companies may have risks of bankruptcy liquidation. Investors are required to pay close attention to the risks associated with the subsidiary and the possible negative impact on the financial status of the Company.

Save as the above, currently, the production and operation of the Company are normal. Investors are advised to invest cautiously and pay attention to the risk.

Board of Directors

Shenji Group Kunming Machine Tool Company Limited

Kunming, the PRC, 11 July 2018

As at the date of this announcement, the Company's executive directors are Mr. Wang He, Mr. Zhang Xiaoyi, Mr. Peng Liangfeng and Ms. Xu Juan; non-executive directors are Mr. Liu Chunshi, Mr. Xia Changtao, Mr. Kang Jun and Ms. Wu Yu; and the independent non-executive directors are Mr. Na Chaohong, Mr. Chi Yilin, Ms. Jin Mei and Ms. Tian Ruihua.