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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)**

**SUSPENSION OF TRADING**

This announcement is made by Shenji Group Kunming Machine Tool Company Limited (the "Company") pursuant to the Rule 13.09 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company has received notice from the Securities and Futures Commission (the "Commission") that the Commission has exercised its power under section 8(1) of the Securities and Futures (Stock Market Listing) Rules to direct The Stock Exchange of Hong Kong Limited to suspend trading in the Company's shares with effect from 9:00 a.m. on 6 August 2018. The Commission issued the Direction because it appears to the Commission that:

- (1) the Company's announcements in relation to its financial results for the years 2013 to 2016 (including quarterly, half-yearly and annual results) and its 2017 annual results announcement (including the next 3 years' forecast statements) contained materially false, incomplete or misleading information;
- (2) it is necessary or expedient to do so in the interest of maintaining an orderly and fair market in the shares of the Company; and
- (3) it is in the interest of the investing public or in the public interest, or it is appropriate for the protection of investors generally or for the protection of investors in the shares of the Company to do so.

The Company is seeking further legal advice as to its rights, as well as to assist the Company to address and resolve the Commission's concerns going forward and resume trading of the shares

of the Company.

Trading in the Company's H shares has been suspended from 27 March 2017. Please refer to the Company's announcement dated on the same day (Announcement on Suspension of Trading) published on the website of the Stock Exchange for details.

The Company will make further announcement(s) as and when appropriate.

Board of Directors  
Shenji Group Kunming Machine Tool Company Limited

Kunming, the PRC, 6 August 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.*