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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 THE TIMEFRAME OF THE PROGRESS OF RESUMPTION OF H SHARES

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.

This announcement is made 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).

Reference is made to (1) the announcement of the Company dated 23 March 2017 on trading halt; (2) the announcement of the Company dated 27 March 2017 on suspension of trading; (3) the announcement of the Company dated 21 June 2017 in respect of the conditions of the resumption of trading of the shares of the Company; and (4) the amendments to the delisting framework under the Listing Rules which came into effect on 1 August 2018 (the “Effective Date”).

The team of forensic audit (the “Team”) is expected to move-in the Company to conduct the work at the beginning of September and the investigation is expected to be completed in November. The relevant forensic audit report will be issued in December. The Company is expected to disclose the 2016 annual report and 2017 interim report within 2 months after that. It is expected to be completed in February 2019.

Targeting the internal control review and rectification issues: it is expected the internal control

consultant may issue the first stage report in September. According to the contents of rectification, the Company will complete the rectification in December. At the beginning of January 2019, the internal control consultant may move in the Company to verify the situation of rectification. It is expected the internal control report for submission to be issued in February 2019.

The Company will make efforts to conduct the work according to the above timeframe to fulfill the various conditions of resumption as soon as possible.

CONTINUED SUSPENSION OF TRADING

Trading in the Company's H shares on the Stock Exchange of Hong Kong Limited will continue to be suspended pending the fulfilment of the resumption conditions in the Company's announcement dated 21 June 2017.

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, the PRC, 8 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.