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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 2018 INTERIM RESULTS

I. IMPORTANT NOTICE

1. This interim report summary is extracted from the full text of the interim report. To fully understand the Company's operating results, financial status and future development plans, investors should visit the designated media by China Securities Regulatory Commission to read the full text of the interim report carefully.
2. The board of directors (the “Board”), supervisory committee, Directors, Supervisors and senior management of Shenji Group Kunming Machine Tool Company Limited (the “Company”) warrant that there are no false representations, misleading statements and material omissions in the interim report and are severally and jointly responsible for the truthfulness, accuracy and completeness of the information contained in the interim report.

On 21 March 2017, the Company published the Inside Information Announcement on Previous Years Possibly Suspected of Breach of Financial Regulations which disclosed that the Company might be suspected to have financial irregularities in the previous years. Later, on 22 March 2017, the Company received the Notification of Investigation of China Securities Regulatory Committee (“CSRC”) (Yun Zheng Diaocha Zi no. 2017004). Since the information disclosure of the Company breach of securities laws and regulations, according to the Securities Law, CSRC decided to initiate an investigation to the Company. In February 2018, the Company received the Decision of Administrative Penalties Issued by CSRC (the Company and Wang Xing and Chang Baoqiang etc. 23 Responsible Persons) ([2018] no. 9) and the Decision of Prohibition of Entering the Market (Wang Xing, Chang Baoqiang and Jin Xiaofeng) by CSRC ([2018] no.2). For details, please refer to the provisional announcements (2018-012, 013) of the Company.

The Board, Directors and senior management of the Company completed the preparation of the interim report based on the information currently confirmed to ensure to disclose the interim report within the time specified by laws and regulations

3. The interim report of the Company is unaudited, but is reviewed by the audit committee of the Company.
4. Proposal on profit distribution or capitalization of capital reserve for the reporting period approved by the board of directors of the Company
During the reporting period, no cash dividend and bonus shares will be distributed, and no capitalization of capital reserve will be conducted.

II. BASIC INFORMATION OF THE COMPANY

2.1 Company information

Profile of the Company's stock				
Class of Shares	Stock exchange	Short Name	Stock Code	Short name of the stock before the change
H Shares	The Stock Exchange of Hong Kong Limited	Kunming Machine	0300	

Contact person and contact information	Secretary to the Board	Securities Affairs Representative
Name	He Xi	Wang Bihui
Telephone	86-871-66119759	86-871-66166623
Office address	23 Ciba Road, Kunming City, Yunnan Province	23 Ciba Road, Kunming City, Yunnan Province
E-mail	hexi@kmtcl.com.cn	wangbh@kmtcl.com.cn

2.2 Principal Accounting Data of the Company

Unit: RMB

	Current period	As at the end of last year	Increase/decrease (%)
Total assets	1,634,674,562.74	1,691,638,201.32	3.37
Net assets attributable to equity shareholders of the Company	-156,229,650.58	-38,221,029.07	308.75
	Current reporting period (Jan.~ June)	Same period of last year	Increase/decrease (%)
Net Cash flows from operating activities (dollar)	23,741,087.88	-62,445,790.81	-
Operating income	262,955,347.03	274,846,146.60	-4.33
Net profit attributable	-118,008,621.51	-154,666,502.26	-23.70

to equity shareholders of the Company			
Net profit excluding non-recurring items attributable to equity shareholders of the Company (dollar)	-117,519,486.02	-154,257,537.83	-23.82
Weighted average return on net assets (%)	121.38	-45.38	Increased by 166.76 Percentage points
Basic earnings per share (dollar/share)	-0.22	-0.29	24.14
Diluted earnings per share (dollar/share)	-0.22	-0.29	24.14

2.3 The number of shares held by the top ten shareholders

Unit: Share

The total number of shareholders of the Company as at the end of the reporting period				25,227 shareholders (including 25,116 A Shareholders and 111 H Shareholders)
The total number of preferred shareholders with recovery of voting rights of the Company as at the end of the reporting period				0
The number of shares held by the top ten shareholders				
Name of shareholders	Nature of shareholders	Proportion (%)	Total number of shares held at the end of the period	Number of shares pledged or frozen
HKSCC NOMINEES LIMITED	Unknown	25.29	134,354,498	Unknown
Shenyang Machine Tool (Group) Co., Ltd.	State-owned legal person	25.08	133,222,774	None
Yunnan Industrial Investment Holding Group Co., Ltd.	State-owned legal person	6.43	34,153,444	None
Yan Zhenyun	Unknown	1.49	7,927,200	Unknown
Zhang Haiying	Unknown	0.35	1,846,600	Unknown
Hong Kong Securities Clearing Company	Unknown	0.32	1,702,000	Unknown
Zheng Haiyu	Unknown	0.31	1,660,428	Unknown
Huang Guifang	Unknown	0.31	1,640,000	Unknown
Ye Wei	Unknown	0.30	1,597,816	Unknown
CHAN KUNG SUK YUEN	Unknown	0.25	1,306,000	Unknown

Explanation of the connected relationship or acting in concert relationship among the above shareholders:

Except for no connected relationship between state-owned legal person shareholders, the Company was not notified of any connected relationship or acting in concert relationship regulated by “Measures for the Administration of Acquisition of Listed Company” among the top ten shareholders. Other than the substantial shareholders disclosed above, as at 30 June 2018, there were no other shareholders whose shareholdings exceeded the amount required to be disclosed under Article 60 of “Administration of the Issuing and Trading of Shares Provisional Regulations” of the PRC and Issue No.3 of “The Content and Format of Disclosure of Information of the Listed Companies” (amended in 2016); and under Section 16(1) of the Securities and Futures Ordinance under the Hong Kong Exchanges and Clearing Limited, the Company was not notified of any interests representing 10% or more of the issued share capital of the Company. Among top ten shareholders, there are three shareholders holding 5% or more of the Company’s shares. They are HKSCC Nominees Limited, which holds the overseas listed foreign shares; Shenyang Machine Tool (Group) Co., Ltd., which holds the state-owned legal person shares; and Yunnan Industrial Investment Holding Group Co., Ltd., which holds state-owned legal person shares. Shares held by these shareholders did not occur the situations of change, pledge, freezing or custody.

Explanation on preferred shareholders with recovery of voting rights and their shareholdings

None

- 1) HKSCC (Nominees) Limited holds shares on behalf of clients. The Company did not receive any notification that any H shareholder held more than 10% in total share capital of the Company. Also, the Company did not receive any notification that any H shareholder held more than 5% of the issued H Shares of the Company.
- 2) Save as disclosed above, the Directors were not notified by any person (who is not a Director or a chief executive officer) who owns the interest or short position in the shares or underlying shares of the Company that shall be disclosed to the Company in compliance with the requirements contained in Divisions 2 and 3 of Part XV of Securities and Future Ordinance (“SFO”), or the interest or short position that shall be included in the prescribed register in accordance with section 336 of SFO.
- 3) As at 30 June 2018, none of the Directors and the Supervisors had any interests or short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests or short positions which the Directors or the Supervisors are taken or deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

2.4 Total number of preferred shareholders and information of top ten preferred shareholders as at the end of the reporting period

Applicable Not applicable

2.5 Change of controlling shareholder or actual controller

Applicable Not applicable

2.6 Unexpired and overdue unpaid corporate bonds

Applicable Not applicable

III. DISCUSSION AND ANALYSIS ON OPERATION

3.1 Discussion and analysis on operation

During the reporting period, with focusing on the market changes, the Company has rapidly increased the brand's market competitiveness. It rapidly established the market leading position of its products through further subdivision of the market, optimization and upgrading of products, implementation of a differentiated market strategy, and driven by the new corporate organization model under the market-focused product line structure.

In the first half of 2018, China's economy maintained a good momentum, and structural adjustment continued to be deepened. Affected by this, the machine tool consumption market in China showed a clear recovery and growth momentum. At the same time, the structural adjustment and differentiation of the market became increasingly obvious and prominent. With the deepening of the structural reforms on the supply side of China's economy, both the demand side and the supply side were undergoing new changes and forming new relationships, but the market demand fluctuations in future was still highly probable.

1. Technical advantages of products:

Horizontal boring and milling machine tool series, jig boring machine tool series, and CNC floor-type boring and milling machine tool series are major products of the Company. NC floor-type boring and milling machine product series are heavy machine tool products developed by the Company, a pioneer in applying made-in-China simple NC system to control the motion coordinates of machine tools, and quickly become commodities after successful development. With continuous improvement and optimization over the years, the Company has increased the scientific and technological components of the products and made breakthroughs in five-axis linkage, thus pushing the overall quality of the products to a leading position in China. In the meanwhile, the products have also become one of our most competitive leading products thanks to the Company's efforts to continuously expand specification and varieties of machine tools.

2. Technical R&D advantages:

The Company has a national level enterprise technology center, representing the Company's competitive strength and important position in the precision machine tools area in China, which will play an important role in further enhancement of the Company's technological innovation, improvement of R&D capability and market competitiveness of products, and achieving sustainable development. The Company has continuously undertaken several national special projects, and 10 products such as KHC80 μ , FMS800, XH2420/2 and XH2530 have passed provincial new product certification, and domestic high-end CNC machine tools and CNC

systems have been applied in special applications such as aircraft rib beams and other processing units, conducted in-depth application and research of 5-axis technology, and strengthen the complete solution technology research on user’s typical parts processing for wind power, auto parts and key areas of mold.

3. Precision manufacturing advantages:

The motto of “to take innovation as the priority, take quality as the foundation and take precision as the soul” is the concentrated reflection of the spirit of Kunji. The high precision machine tools continuously launched by the Company are all high precision, high-speed and highly automatic products with complete independent intelligent property right. Moreover, the Company is able to manufacture products with precision based on R&D, and many products have reached the advanced world standard in precision indexes, inheriting and carrying forward a fine tradition of precision manufacturing.

4. Participation in national intelligent manufacturing projects:

Upon receipt of Reply on Implementation Plan of Intelligent Manufacturing Equipment Development Projects in 2013 issued by the National Development and Reform Commission, the Ministry of Finance and the Ministry of Industry and Information Technology, the Company participated in building digital NC lathe manufacturing workshops of Yunnan Machine Tool Works in 2016, which satisfied the demand for highly flexible, automatic and intelligent mass and multi-type production of key parts of high-end machine tools, realized system intelligence and reached out for intelligent manufacturing.

3.2 Comparing with the last accounting period, information and reasons for the changes in accounting policies, accounting estimation and accounting method, and their impacts

Applicable Not applicable

3.3 Reasons for retrospective restatement to correct major accounting errors during the reporting period, the corrected amount and its impacts

Applicable Not applicable

IV. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

As at 30 June 2018

By: Shenji Group Kunming Machine Tool Co., Ltd.

Unit: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		86,754,207.99	91,148,044.38
Settlement provisions			
Lending funds			

Financial assets measured at fair value and its changes included in the current profits and losses			
Derivative financial assets			
Bills receivable		13,611,150.17	29,684,093.00
Accounts receivable		232,383,808.92	254,544,796.00
Prepayments		37,192,346.94	38,114,906.00
Premiums receivable			
Reinsurance accounts receivable			
Reinsurance contract reserve			
Interest receivable			
Dividends receivable			
Other receivables		528,146,476.51	561,821,346.40
Financial assets purchased under resale agreements			
Inventories			
Assets classified as held for sale			
Non-current assets due within one year			
Other current assets		13,684,550.89	18,165,469.49
Total current assets		945,793,623.46	1,013,273,546.80
Non-current assets:			
Entrusted loans and advances			
Available-for-sale financial assets		612,000.00	612,000.00
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments		9,167,719.75	10,039,220.02
Investment properties		14,607,474.36	14,826,693.00
Fixed assets		394,483,968.87	409,396,449.93
Construction in progress		69,949,018.34	54,044,868.15
Construction materials			
Fixed assets to be disposed			
Productive biological assets			
Oil and gas assets			
Intangible assets		176,865,964.43	178,785,639.52
Development costs		14,110,588.15	4,150,415.13
Goodwill			
Long-term deferred expenses		2,435,321.76	
Deferred tax assets		2,532,792.54	2,393,247.69
Other non-current assets		4,116,091.08	4,116,091.08
Total non-current assets		688,880,939.28	678,364,624.52
Total assets		1,634,674,562.74	1,691,638,201.32
Current liabilities:			
Short-term loans		265,180,979.56	363,683,036.94

Borrowings from central bank			
Deposits and interbank deposit			
Borrowing funds			
Financial liabilities measured at fair value and its changes included in the current profits and losses			
Derivative financial liabilities			
Bills payable			
Accounts payable		351,332,324.57	320,626,464.70
Advances from customers		282,314,307.73	282,852,805.07
Financial assets sold under repurchase agreements			
Fees and commissions payable			
Employee benefits payable		46,549,144.07	39,039,042.73
Taxes payable		22,087,909.09	11,643,532.84
Interest payable		5,036,250.00	390,593.75
Dividends payable		135,898.49	135,898.49
Other payables		567,554,829.29	388,757,750.80
Reinsurance payable			
Insurance contract reserve			
Payables to brokerage			
Acting underwriting securities			
Liabilities classified as held for sale			
Non-current liabilities due within one year			45,000,000.00
Other current liabilities			
Total current liabilities		1,540,191,642.80	1,452,129,125.32
Non-current liabilities:			
Long-term loans			1,665,275.66
Debentures payable			
Including: Preferred shares			
Perpetual debt			
Long-term payables			
Long-term employee benefits payable		30,766,949.19	41,689,562.44
Special payables		20,947,539.29	20,947,539.29
Provisions		6,475,662.45	10,513,913.91
Deferred income		193,130,271.04	195,202,914.02
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		251,320,421.97	270,019,205.32
Total liabilities		1,791,512,064.77	1,722,148,330.64
Shareholders' equity:			

Share capital		531,081,103.00	531,081,103.00
Other equity instruments			
Including: Preferred shares			
Perpetual debt			
Capital reserve		19,765,031.17	19,765,031.17
Less: Treasury stock			
Other comprehensive income			
Specific reserve			
Surplus reserve		117,077,019.33	117,077,019.33
General risk provisions			
Retained earnings		-824,152,804.08	-706,144,182.57
Total equity attributable to shareholders of the Company		-156,229,650.58	-38,221,029.07
Non-controlling interests		-607,851.45	7,710,899.75
Total shareholders' equity		-156,837,502.03	-30,510,129.32
Total liabilities and shareholders' equity		1,634,674,562.74	1,691,638,201.32

Legal representative of the Company: Wang He

The person in charge of accounting affairs: Xu Juan

The head of the accounting department: Xu Juan

BALANCE SHEET

As at 30 June 2018

By: Shenji Group Kunming Machine Tool Co., Ltd.

Unit: RMB

Item	Note	Closing balance	Opening balance
Current assets:			
Cash at bank and on hand		55,498,930.23	53,738,819.88
Financial assets measured at fair value and its changes included in the current profits and losses			
Derivative financial assets			
Bills receivable		4,000,891.31	10,552,823.00
Accounts receivable		281,416,632.37	308,723,821.26
Prepayments		28,768,168.18	22,473,939.73
Interest receivable			
Dividends receivable		11,000,000.00	11,000,000.00
Other receivables		44,447,677.61	53,709,323.75
Inventories		367,499,142.84	395,361,175.05
Assets classified as held for sale			
Non-current assets due within one year			

Other current assets		13,069,790.85	17,386,311.22
Total current assets		805,701,233.39	872,946,213.89
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments		55,600,690.76	56,472,191.03
Investment properties		14,607,474.36	14,826,693.00
Fixed assets		357,575,632.79	369,864,949.39
Construction in progress		69,949,018.34	54,044,868.15
Construction materials			
Fixed assets to be disposed			
Productive biological assets			
Oil and gas assets			
Intangible assets		166,561,548.17	168,324,633.19
Development costs		14,110,588.15	4,150,415.13
Goodwill			
Long-term deferred expenses		2435321.76	
Deferred tax assets			
Other non-current assets		4,116,091.08	4,116,091.08
Total non-current assets		684,956,365.41	671,799,840.97
Total assets		1,490,657,598.80	1,544,746,054.86
Current liabilities:			
Short-term loans		242,000,000.00	340,000,000.00
Financial liabilities measured at fair value and its changes included in the current profits and losses			
Derivative financial liabilities			
Bills payable			
Accounts payable		244,027,000.93	250,156,983.11
Advances from customers		206,168,181.23	185,644,384.34
Employee benefits payable		44,029,386.41	37,892,556.89
Taxes payable		18,583,312.80	8,535,984.19
Interest payable		5,036,250.00	390,593.75
Dividends payable			
Other payables		565,224,200.75	383,363,172.19
Liabilities classified as held for sale			
Non-current liabilities due within one year			45,000,000.00
Other current liabilities			
Total current liabilities		1,325,068,332.12	1,250,983,674.47
Non-current liabilities:			
Long-term loans			1,665,275.66

Debentures payable			
Including: Preferred shares			
Perpetual debt			
Long-term payables			
Long-term employee benefits payable		30,766,949.19	41,689,562.44
Special payables		20,947,539.29	20,947,539.29
Provisions		5,174,966.31	9,286,536.28
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		248,379,725.83	267,151,827.69
Total liabilities		1,573,448,057.95	1,518,135,502.16
Shareholders' equity:			
Share capital		531,081,103.00	531,081,103.00
Other equity instruments			
Including: Preferred shares			
Perpetual debt			
Capital reserve		27,303,321.72	27,303,321.72
Less: Treasury stock			
Other comprehensive income			
Specific reserve			
Surplus reserve		117,077,019.33	117,077,019.33
Retained earnings		-758,251,903.20	-648,850,891.35
Total shareholders' equity		-82,790,459.15	26,610,552.70
Total liabilities and shareholders' equity		1,490,657,598.80	1,544,746,054.86

Legal representative of the Company: Wang He

The person in charge of accounting affairs: Xu Juan

The head of the accounting department: Xu Juan

CONSOLIDATED INCOME STATEMENT

For January – June 2018

Unit: RMB

Item	Note	Current period	Prior period
1. Operating income		262,955,347.03	274,846,146.60
Including: Operating income			
Interest income			
Premium earned			
Fee and commission income			
2. Total operating costs			

Including: Operating costs		254,207,631.26	273,650,855.80
Interest expenses			
Fee and commission expenses			
Premium refunded			
Net compensation expenses			
Net insurance contract reserve withdrawn			
Premium bonus expenses			
Reinsurance expenses			
Business tax and surcharges		4,574,511.83	3,537,945.64
Selling and distribution expenses		32,602,663.71	39,867,082.16
General and administrative expenses		66,022,422.16	73,342,172.17
Financial expenses		14,730,638.15	24,960,461.85
Provision of impairment losses		10,443,857.23	18,982,883.25
Add: Gain on fair value change (“-” for loss)			
Investment income (“-” for loss)		-871,500.27	-1,697,113.52
Including: investment income from associates and joint ventures		-871,500.27	-1,697,113.52
Exchange gain (“-” for loss)			
Other income		139,999.98	140,000.01
3. Operating income (“-” for loss)		-120,157,474.20	-160,814,653.55
Add: Non-operating income		1,073,104.55	1,442,139.88
Including: gains on disposal of non-current assets			
Less: Non-operating expenses		2,382,547.91	120,137.63
Including: losses on disposal of non-current assets			
4. Income before income tax (“-” for losses)		-121,466,917.56	-159,492,651.30
Less: Income tax expense		-139,544.85	-13,652.99
5. Net income for the period (“-” for net loss)		-121,327,372.71	-159,478,998.31
Attributable to:			
Shareholders of the Company		-118,008,621.51	-154,666,502.26
Non-controlling interests		-3,318,751.20	-4,812,496.05
6. Other comprehensive income, net of tax			
7. Total comprehensive income		-121,327,372.71	-159,478,998.31
Attributable to:			
Shareholders of the Company		-118,008,621.51	-154,666,502.26
Non-controlling interests		-3,318,751.20	-4,812,496.05
8. Earnings per share:			

– basic (dollar/share)		-0.22	-0.29
– diluted (dollar/share)		-0.022	-0.29

Legal representative of the Company: Wang He

The person in charge of accounting affairs: Xu Juan

The head of the accounting department: Xu Juan

INCOME STATEMENT

For January – June 2018

Unit: RMB

Item	Note	Current period	Prior period
1. Operating income		215,792,240.58	212,462,394.16
Less: Operating costs		217,413,807.19	221,199,840.10
Business taxes and surcharges		3,971,417.45	2,820,669.94
Selling and distribution expenses		26,995,639.03	33,849,306.58
General and administrative expenses		55,424,066.40	63,077,188.25
Financial expenses		14,087,786.78	23,720,978.31
Provision of impairment losses		11,242,681.61	15,108,918.67
Add: Income from change in fair value (“-” for loss)			
Investment income (“-” for loss)		4,128,499.73	802,886.48
Including: income from investments in associates and joint ventures		-871,500.27	-1,697,113.52
Other income		139,999.98	140,000.01
2. Operating income (“-” for loss)		-108,888,275.06	-146,133,906.97
Add: Non-operating income		942,601.07	736,787.11
Including: gains on disposal of non-current assets			
Less: Non-operating expenses		1,455,337.86	114,792.58
Including: losses on disposal of non-current assets			
3. Income before income tax (“-” for loss)		-109,401,011.85	-145,511,912.44
Less: Income tax expenses			
4. Net income (“-” for net loss)		-109,401,011.85	-145,511,912.44
5. Other comprehensive income, net of tax			
6. Total comprehensive income		-109,401,011.85	-145,511,912.44
7. Earnings per share:			
– basic (dollar/share)			
– diluted (dollar/share)			

Legal representative of the Company: Wang He

The person in charge of accounting affairs: Xu Juan

The head of the accounting department: Xu Juan

CONSOLIDATED CASH FLOW STATEMENT

For January – June 2018

Unit: RMB

Item	Note	Current period	Prior period
1. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		161,398,673.56	227,409,625.15
Net increase of deposits and interbank deposits			
Net increase of borrowing from central bank			
Net increase of borrowings from other financial institutions			
Cash received from premiums of original contracts			
Net cash received from reinsurance business			
Net increase in policyholders' reserve and investment			
Net increase of financial assets measured at fair value and its changes included in the current profits and losses			
Cash received from interest, processing fees and commissions			
Net increase of borrowing funds			
Net increase of funds from repurchase business			
Received taxes and fees returned			782,368.09
Cash received relating to other operating activities		27,199,768.67	5,254,485.03
Sub-total of cash inflows from operating activities		188,598,442.23	233,446,478.27
Payment for goods and services		61,296,480.15	120,786,953.83
Net increase in customer loans and advances			
Net increase of deposits in central bank and interbank deposits			
Payment of original insurance contracts' claims			
Cash paid for interest, commission and commission			
Cash paid for policy dividends			
Payment to and for employees		60,585,098.60	108,621,909.49
Payment for all types of taxes		12,301,609.47	15,511,305.92
Payment relating to other operating activities		30,674,166.13	50,972,099.84

Sub-total of cash outflows from operating activities		164,857,354.35	295,892,269.08
Net cash flows from operating activities		23,741,087.88	-62,445,790.81
2. Cash flows from investing activities:			
Cash received from recovery of investment		117,000,000.00	116,000,000.00
Investment returns received			
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		23,000.00	1,551,091.41
Net cash received from disposal of subsidiaries and other business units			
Proceeds relating to other investing activities			
Sub-total of cash inflows from investing activities		117,023,000.00	121,144,937.25
Payment for acquisition of fixed assets, intangible assets and other long-term assets		1,955,023.86	13,934,422.01
Cash paid for investment		137,000,000.00	130,000,000.00
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Payment relating to other investing activities			
Sub-total of cash outflows from investing activities		138,955,023.86	147,278,891.76
Net cash flows from investing activities		-21,932,023.86	-26,133,954.51
3. Cash flows from financing activities:			
Cash received from investments			
Including: cash received by subsidiaries absorbing non-controlling shareholders' investments			
Cash received from borrowings		132,000,000.00	60,000,000.00
Cash received from issuing of bonds			
Cash received relating to other financing activities		154,665,275.66	45,000,000.00
Sub-total of cash inflows from financing activities		286,665,275.66	105,000,000.00
Repayments of borrowings		277,167,333.04	246,524,893.05
Payment for distribution of dividends, profit or repayment of interest		17,821,671.66	18,902,846.25
Including: dividends, profits paid to non-controlling shareholders by subsidiaries			2,500,000.00
Payment relating to other financing activities		20,000,000.00	5,000,000.00
Sub-total of cash outflows from financing activities		314,989,004.70	270,427,739.30
Net cash flows from financing activities		-28,323,729.04	-165,427,739.30
4. Effect of foreign exchange rate changes on cash and cash equivalents		15,989.57	-18,702.23
5. Net Increase in cash and cash equivalents		-26,498,675.45	-254,026,186.85
Add: Cash and cash equivalents at the beginning		90,263,315.47	321,022,741.20

of the period			
6. Cash and cash equivalents at the end of the period		63,764,640.02	66,996,554.35

Legal representative of the Company: Wang He

The person in charge of accounting affairs: Xu Juan

The head of the accounting department: Xu Juan

CASH FLOW STATEMENT

For January – June 2018

Unit: RMB

Item	Note	Current period	Prior period
1. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		104,286,821.65	155,807,249.93
Received taxes and fees returned			782,368.09
Cash received relating to other operating activities		26,259,866.94	102,042.59
Sub-total of cash inflows from operating activities		130,546,688.59	156,691,660.61
Payment for goods and services		36,329,211.38	93,160,846.99
Payment to and for employees		43,638,994.68	92,845,547.45
Payment for all types of taxes		7,094,691.65	9,901,383.93
Payment relating to other operating activities		24,862,639.96	69,460,662.20
Sub-total of cash outflows from operating activities		111,925,537.67	265,368,440.57
Net cash flows from operating activities		18,621,150.92	-108,676,779.96
2. Cash flows from investing activities:			
Cash received from recovery of investment			
Investment returns received		5,000,000.00	2,500,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,000.00	1,551,091.41
Net cash received from disposal of subsidiaries and other business units			
Cash received relating to other investing activities			
Sub-total of cash inflows from investing activities		5,001,000.00	4,051,091.41
Payment for acquisition of fixed assets, intangible assets and other long-term assets		1,940.00	13,902,309.02
Cash paid for investment			
Net cash paid for acquisition of subsidiaries and other business units			
Payment relating to other investing activities			

Sub-total of cash outflows from investing activities		1,940.00	13,902,309.02
Net cash flows from investing activities		4,999,060.00	-9,851,217.61
3. Cash flows from financing activities:			
Cash received from investments			
Cash received from borrowings		286,665,275.66	60,000,000.00
Cash received from issuing of bonds			
Cash received relating to other financing activities			45,000,000.00
Sub-total of cash inflows from financing activities		286,665,275.66	105,000,000.00
Repayments of borrowings		296,665,275.66	234,524,893.05
Payment for distribution of dividends, profit or repayment of interest		11,876,538.14	15,334,709.96
Payment relating to other financing activities			5,000,000.00
Sub-total of cash outflows from financing activities		308,541,813.80	254,859,603.01
Net cash flows from financing activities		-21,876,538.14	-149,859,603.01
4. Effect of foreign exchange rate changes on cash and cash equivalents		15,604.18	-21,661.02
5. Net Increase in cash and cash equivalents		1,759,276.96	-268,409,261.60
Add: Cash and cash equivalents at the beginning of the period		53,738,819.88	282,881,420.24
6. Cash and cash equivalents at the end of the period		55,498,096.84	14,472,158.64

Legal representative of the Company: Wang He
The person in charge of accounting affairs: Xu Juan
The head of the accounting department: Xu Juan

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, the PRC, 30 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.