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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 truthfulness, accuracy and completeness of the content herein.

This announcement is made pursuant to the Rule 13.24A of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and will be published on the website of the Stock Exchange on 6 November 2018. The following is the full text:

Reference is made to the announcements of the Company published 21 June 2017, 28 July 2017, 30 August 2017, 29 September 2017, 31 October 2017, 14 December 2017, 2 February 2018, 1 March 2018, 10 April 2018, 14 May 2018 and 16 June 2018, 31 July 2018 and 8 August 2018.

RESUMPTION PROGRESS OF H SHARES

The team of forensic audit (the “Team”) was originally expected to commence field work at the beginning of September 2018 and the investigation was originally expected to be completed in November 2018. However, the field work has not yet commenced, as the Company has yet to settle the installment payment to the Team. The Company is going to pay the said installment payment in November 2018 and cooperates with the Team as soon as possible, and strives to complete the forensic audit work according to the original working time schedule. The relevant forensic audit report will be issued at the beginning of February 2019. The Company is expected to disclose the 2016 annual report and 2017 interim report within 2 months after that. It is expected that the overall work would be completed at the end of March 2019.

It was originally expected that the internal control consultant could issue the first stage report in September 2018. However, the progress of the actual work was delayed as compared with the original schedule. Currently, the internal audit work is still carrying on and is expected to be completed at the end of November 2018. Thereafter, the Company will make the rectification plans according to the recommendations of the internal control consultant. It is expected that the rectification measures will be fully implemented by February 2019. At the beginning of March 2019, the internal control consultant will carry out follow-up review on the implementation of rectification measures. It is expected that the internal control report can be issued in April to May 2019 which will be two months behind the original schedule.

The Company is making efforts to conduct the work according to the above timeframe to fulfill the various conditions of resumption as soon as possible. The above timeframe is an expectation of the Company's working time and does not constitute a commitment. Due to actual work arrangement, the progress of specific work will be based on the actual completion time of the Company. At that time, the Company will disclose the information according to the actual completion time.

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, 6 November 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 and Ms. Wu Yu; and the independent non-executive directors are Mr. Na Chaohong, Mr. Chi Yilin, Ms. Jin Mei and Ms. Tian Ruihua.