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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)

**Supplemental Announcement on the Timeframe of the Progress of Resumption of H Shares,
Operational Update for October 2018**

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.

The announcement is made pursuant to the rule 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and will be published on the website of The Stock Exchange of Hong Kong Limited. 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, 16 June 2018, 31 July 2018, 8 August 2018 and 6 November 2018.

OPERATIONAL UPDATE FOR OCTOBER 2018

Set out below is an update on the Company’s business operations for October 2018. The information set out below is based on the unaudited management accounts of the Company ended 31 October 2018 (The data below is the parent company's financial data).

As at 31 October 2018, the total sales revenue (excluding VAT) of the Company was about RMB336,559,000. The bank balance of the Company amounted to about RMB41,429,000 as at 31 October 2018. The total amount of accounts receivable of the Company was about RMB276,723,000 and the bank borrowings as at 31 October 2018 was about RMB242,000,000.

The Group has other assets and liabilities, and this update on its business and cash position should not be taken as an indicator of the financial performance of the Group, just for reference only.

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 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.