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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 Estimated Annual Results for the Year 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.

**Important information:** The major financial information for the year 2018 in this announcement is the preliminary calculation. It has not been audited. Detail and accurate financial information will be subject to the disclosed information in the audited annual report 2018 by the Company. Investors are advised to pay attention to investment risks!

### **I. Estimated results for the current period**

1. Period of estimated results: 1 January 2018 to 31 December 2018.
2. Estimated Results:

Estimated results: losses decreased as compared with the same period of last year

If the results of the reporting period are expected to be loss, or turn losses into profits as compared with the same period of last year, the following form should be disclosed:

Item	The reporting period (Unit: RMB'0000)	The same period of last year (Unit: RMB'0000)
The net profit attributable to equity shareholders of the Company	-25,112.98	-34,969.32

## **II. Main reasons for significant changes in performance during the reporting period**

In 2018, the overall macroeconomic situation of China was far from satisfactory, economic downside pressure was increased, manufacturing was in a relatively difficult period. In capital market and financing, the Company faced the negative adverse market impact brought by the delisting, the financing capacity was greatly reduced, and it was difficult to obtain indirect financing. In operation, the Company continued to face the problems of insufficient production due to insufficient funds. In addition, the procurement suppliers were under-supplied and shortage of accessories which led to the Company could not effectively turn the relatively sufficient orders into operating income. In historical burden, since the Company's relocation, the Company needed to pay various construction casts of new plant area which dragged down the Company's cash flow. At the same time, the problem of staff redundancy was outstanding, and the period cost was huge. After preliminary calculation by the financial department of the Company, it is expected that the operating results of 2018 will continue to be loss. Net loss attributable to equity shareholders of the Company will be about 250 million. As compared with the year 2017, the Company achieved a large degree of loss reduction. The main reasons for the change were that the Company's management did not step back when confronted with difficulties, they improved management quality, improved efficiency, reduced costs and strictly controlled costs around various aspects of the Company's production and management systems. The Company will analyze in detail in the annual report for the reasons of the continued loss and loss reduction.

## **III. Risk warning**

The A Shares were delisted by Shanghai Stock Exchange on 13 July 2018 and were terminated listing. From 12 September 2018, the A Shares have been transferred to the National Equities Exchange and Quotations (NEEQ).

Trading in H Shares of the Company has been suspended from 27 March 2017. On 20 June 2017, the Company received a letter issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") which required the Company to meet the relevant resumption conditions before resumption of trading. Please refer to Announcement on Suspension of Trading, Resumption Conditions etc. announcements published on the website of the Stock Exchange.

The information above is based on the preliminary calculation. The audit has not been completed. Detail and accurate financial information will be subject to the disclosed information in the audited annual report 2018 by the Company. The possibility of certain differences cannot be excluded. Investors are advised to pay attention to investment risks!

Board of Directors  
**Shenji Group Kunming Machine Tool Company Limited**

Kunming, the PRC, 31 January 2019

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