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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 Operational Update and 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.

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 publishes on the website of The Stock Exchange of Hong Kong Limited on 30 April 2019. 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, 6 November 2018, 8 November 2018 and 1 February 2019.

OPERATIONAL UPDATE FOR March 2019

Set out below is an update on the Company’s business operations for March 2019. The information set out below is based on the unaudited management accounts of the Company ended 31 March 2019. Meanwhile, the data below is the parent company's financial data, financial statements on a consolidated basis will make special description.

As at 31 March 2019, the total sales revenue (excluding VAT) of the Company was about RMB126,394,000 and the consolidated operating income was about RMB125,244,000. The bank balance of the Company amounted to about RMB37,536,000 as at 31 March 2019. The total

amount of accounts receivable of the Company was about RMB236,393,000 and the bank borrowings was about RMB241,000,000 as at 31 March 2019.

It is expected that the Company (consolidated basis) will continue to lose in the first quarter of 2019. However, it will achieve a certain degree of reduced losses as compared to the same period of 2018. The Company's consolidated net income attributable to the shareholders in the first quarter of 2019 was about negative RMB39,921,000.

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 was delayed as the Company had yet to settle the installment payment to the Team. The Company paid the said installment payment in November 2018 and the Team commenced the field work at the end of November 2018 and the phase work was carried out. It is expected that the work cannot be completed according to the original working time schedule. According to the estimation of the current work progress, it is expected that the forensic audit will be completed on 21 June 2019, and the forensic audit report will be submitted.

Meanwhile, the Company expects to disclose of audited annual report 2016 and interim report 2017 which had not yet issued in accordance with the rules in 5 working days after disclosure of the forensic audit conclusion report. The work is expected to be completed before 30 June 2019.

In respect of internal control review and rectification, the Company is conducting the rectification according to the opinions and suggestions of the internal control consultant, and it is expected that the internal control rectification report can be issued in the middle of June 2019 and the report will be submitted to the Stock Exchange of Hong Kong Limited ("Stock Exchange") for review.

In order to resume the trading of the H Shares of the Company, the Company will complete the resumption proposal within the next two months to achieve the resumption of trading in the required remediation period. It is expected that the resumption proposal will be submitted to the Stock Exchange before 1 July 2019.

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, 30 April 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 Ruihu