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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 Controlling Shareholder Being Applied for Restructuring**

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.

**I. Information of the controlling shareholder of the Company being applied for restructuring**

The Company received the Notification from the controlling shareholder of the Company – Shenyang Machine Tool (Group) Company Limited (“Shenyang Group”) at 17:35 on 12 July 2019 (the “Notification”). According to the Notification, Shenyang Group had received the Notice of the Intermediate People's Court of Shenyang (Liao 01 Po Shen 15-1 2019) (the “Notice”) which indicated Shenyang Jin Lijian Lubrication Technology Co. Ltd., the creditor of the Shenyang Group (the “Creditor”) had applied for Shenyang Group restructuring to the Intermediate People's Court of Shenyang (the “Court”) on the reasons that Shenyang Group was unable repay the debts as they fell due and obviously lack of the repayment ability, which in line with the restructuring conditions.

**II. Risk warning**

As at the date of the announcement, whether the application for restructuring by the Creditor to be accepted by the Court or whether Shenyang Group entering the restructuring procedure existed significant uncertainty.

As at the date of the announcement, Shenyang Group holds 133,222,774 shares of the Company, representing 25.08% total issued shares of the Company. If the application for restructuring by the Creditor to be accepted by the Court, Shenyang Group would enter the restructuring procedure, which would have an impact on the Company's shareholding structure. Investors are

advised to pay attention to the investment risk.

As at the date of the announcement, certain bank loans of the Company are secured loans provided by Shenyang Group, the substantial shareholder of the Company. If Shenyang Group enter the restructuring procedure, such bank loans of the Company would be affected. Investors are advised to pay attention to the investment risk.

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

Kunming, the PRC, 15 July 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.*