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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 Continued Suspension of Trading on Major Assets Restructure

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 authenticity, accuracy and completeness of the content herein.

The Company received a notice from the first largest shareholder of the Company, Shenyang Machine Tool (Group) Company Limited (the “Shenyang Group”) that Shenyang Group is planning important issues related to the Company. After application, trading in shares of the Company has been suspended with effect from 3 March 2015. After discussing and negotiating with all related parties, the Company considered that the important issues planned by Shenyang Group related to the Company constitute major assets restructuring. Trading in shares of the Company has been suspended on major assets restructuring with effect from 18 March 2015 to 18 May 2015. Since the related work has not been completed, after application, trading in shares of the Company continued to be suspended from 18 May 2015 to 17 June 2015.

Currently, trading in shares of the Company has been suspended for upcoming three months. Since the procedure of major assets restructuring is still in the propelling process, the conditions of disclosure the restructuring preplan and resumption of trading in shares has not been achieved, after application to the Shanghai Stock Exchange and China Securities Regulatory Commission, trading in shares of the Company continued to be suspended from 18 June 2015 to 17 August 2015.

As at the date of this announcement, further progress of the issues in relation to the major assets restructuring planned by Shenyang Group are as follows:

I. Basic information of the major assets restructuring

1. Background and reasons of planning on major assets restructuring

In order to solve the problem of potential industry competition with the Company, Shenyang

Group intended to transfer the holding shares of the Company (the transferee proposed limited to state-owned holding enterprises). Should the transfer of shares of the Company be finally completed, Shenyang Group would be no longer the first largest shareholder of the Company.

Meanwhile, in order to improve the performance of the Company and to protect the interests of the shareholders of the Company, Shenyang Group has researched and demonstrated the major assets restructuring issue related to the Company, and has contacted and negotiated with potential target company. Should the Company finally confirm to acquire the related assets of the target company, it would constitute of major assets restructuring issue. After completion of the major assets restructuring, the main business of the Company would be changed.

2. Instruction of the framework of the restructuring

In order to improve the performance of the Company and to protect the interests of the shareholders of the Company, Shenyang Group actively supported and promoted the Company to communicate with the potential target company. Currently, the preliminarily determined acquisition target company is an overseas listed company who engages in information transmission, software and information technology services.

II. Major work carried out by the Company and Shenyang Group during the period of suspension of trading on major assets restructuring

During the suspension of trading period, Shenyang Group has researched and demonstrated the feasibility of major assets restructure and confirmed this issue. In May 2015, Shenyang Group has submitted the proposal of share transfer of the Company to the state-owned assets supervision authorities and related issue is in the approval procedure by the state-owned assets supervision authorities. After that, according to the requirement of the state-owned assets supervision authority, Shenyang Group has submitted supplementary information in relation to the transferring shares of the Company to the state-owned assets supervision authorities several times.

Meanwhile, during the suspension period, Shenyang Group has researched and demonstrated the feasibility of major assets restructure and actively participated and looked for the target assets. After confirming the acquisition target, Shenyang Group has communicated and negotiated with the target company in relation to the acquisition.

III. Necessity and reasons for continued suspension of trading

The target company in relation to the major assets restructuring is an overseas listed company, and the issue of major assets restructuring involved the change of substantial shareholder of the Company. Therefore, after the Company conducting the preliminary contact with the target company, details of the acquisition proposal and subsequent procedure of acquisition need to be determined by the Company and the target company after deeply negotiation when Shenyang Group completion of public solicitation procedure in respect of the share transfer and the Company's new substantial shareholder be confirmed.

Shenyang Group has submitted the proposal of share transfer to the state-owned assets supervision authorities for carrying out the approval procedure in May 2015. Currently, the

relevant state-owned assets supervision authorities are fulfilling their internal decision-making process on this matter. Since the share transfer need to be approved by all levels of state-owned assets supervision authorities, and during the process of this issue, the opinions of local government may need to be sought. The approval procedure is quite complicated and the approval time has large uncertainties. Based on the above reasons, preliminary preparation for the Board meeting to consider the preplan of major assets restructure has not been completed. Related issues still exist uncertainties. It is expected that it is hard to complete the related work before the resumption date of 17 June 2015.

On the other hand, since the major assets acquisition involved the offer of privatization acquisition of overseas listed company, according to the related offer privatization acquisition procedure of overseas listed companies, before the board of directors or other special commission of its appointed of the M & A side detailed understanding the acquirer and reaching consensus on the takeover proposal, the framework of acquisition agreement cannot be entered. Therefore, currently, the Company has not entered into the framework agreement with the target company.

In summary, the issue of transfer of shares of the Company by the substantial shareholder of the Company is still in the approval process, and the approval has not been received. Moreover, the major assets restructuring involved overseas listed company and it is a major issue without precedent. Therefore, according to the related regulations, the Company applied for the Company's shares continuing to be suspended.

IV. Acquired approval and ratification before disclosure of preplan of major assets restructure

Before disclosure of preplan of major assets restructuring, Shenyang Group needed to have the approval in relation to the transfer of shares of the Company by the state-owned assets supervision authorities, and completed the public solicitation procedure to confirm the future substantial shareholder of the Company. After that, the Company should reach consensus on the takeover proposal with the board of directors or other special commission of its appointed of the M & A side, then enter into related agreements and conduct relevant internal decision-making procedures.

V. The schedule of next step to promote the major assets restructuring

In the future, Shenyang Group will be strictly in accordance with the Management approach of major assets restructuring of listed companies and other relevant regulations to urge the state-owned assets supervision authorizes to speed up the approval process of major assets restructuring, and after receiving the approval from the state-owned assets supervision authorizes, complete the public solicitation procedure to confirm the transferee of the shares of the Company.

After confirming the new substantial shareholder of the Company, the Company will speed up the progress of communication and acquisition with the target company. After reaching consensus on the takeover proposal, the Company will enter into acquisition agreement with the counter party and complete the disclosure of the restructuring preplan and Company's

shares resumption etc. related work as soon as possible.

If within two months after the extension of the suspension, the related work of restructuring still cannot be completed and disclose the restructuring preplan according to the requirements, the Company will convene the Board meeting to decide whether to continue the suspension and implement the restructuring plan. Should the Board decide to continue the restructuring, the Company would apply for shares continuing to be suspended according to the information disclosure requirements. During the suspension period, the Company would conduct investors briefing session every month to explain the reasons of suspension to investors, and disclose the information of the briefing session, restructuring updated progress and the reasons of continuing suspension.

According to the work progress, the Company will carry out the information disclosure obligations in timely to publish the information of the progress of the issue of major assets restructuring every five trading days. The company designated media for information disclosure are China Securities Daily, Shanghai Securities News and Securities Times, and the following websites: <http://www.sse.com.cn> and <http://www.hkex.com.hk>. Related information published by the above designated media shall prevail. **Investors are advised to concern the further announcements of the Company, to invest cautiously and pay attention to risks!**

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 17 June, 2015

As at the date of this announcement, the Company's executive directors are Mr. Wang Xing, Mr. Chang Baoqiang, Mr. Zhang Xiaoyi, Mr. Zhang Zeshun and Mr. Jin Xiaofeng; non-executive directors are Mr. Zhang Tao, Mr. Liu Yan and Ms. Liu Haijie; and the independent non-executive directors are Mr. Yang Xiongsheng, Mr. Tang Chunsheng, Mr. Chen Fusheng and Mr. Liu Qiang.