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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)

Further Announcement on 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 had not been completed, trading in shares of the Company continued to be suspended from 18 May 2015 to 17 June 2015. The procedure of major assets restructuring is in the propelling process, however, the conditions of disclosure of 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, progress of the major assets restructuring planned by Shenyang Group related to the Company are as follows:

1. Basic information of the major assets restructuring

During the suspension period, Shenyang Group has contacted potential target company. Currently, the target company contacted is an overseas listed company which engages in information transmission, software and information technology services. The Company

intends to acquire the shareholdings of the target company by cash. After completion of the acquisition, the main business of the Company would be changed. Since the contact between Shenyang Group and the target company is in the preliminary stage, and the issue of intention of transfer of shares of the Company by Shenyang Group is in the process of demonstration and approval, the change of the first largest shareholder of the Company exists possibility. Therefore, details of the framework of restructuring would be determined by the Company after further negotiating with the target company when Shenyang Group completion of public solicitation procedure in respect of the share transfer and the transferee of shares be confirmed.

2. Major work be carried out during the period of suspension of trading on major assets restructure

During the suspension of trading period, Shenyang Group has researched and demonstrated the feasibility of major assets restructure and confirmed the share transfer of the Company issue and passed the internal decision-making procedure. 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 share transfer 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.

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

Before disclosure of preplan of major assets restructuring, Shenyang Group needs 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 transferee of share transfer 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.

4. The schedule of next step to promote the major assets restructure and disclosure of the expected resumption date of trading of shares and derivatives of the Company.

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 as soon as possible.

After confirming the new substantial shareholder of the Company, the Company will speed up the progress of communication and acquisition with the overseas 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.

5. The potential risk of the major assets restructuring

Currently, Shenyang Group is conducting related approval procedure in relation to the share transfer of the Company. The share transfer exists uncertainty. On the other hand, although Shenyang Group has preliminarily contacted with the potential target company, the risk may exist in the future that both parties could not come to an agreement in respect of the related acquisition and resulting in major assets restructuring could not be implemented.

6. Currently, the issue of major assets restructuring has not involved connected transactions and there is no related director's avoidance issue.

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, 22 July, 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.