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交大昆機科技股份有限公司 JIAODA KUNJI HIGH-TECH COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 300)

ANNOUNCEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of the Company approved the utilization of capital not exceeding RMB100 million. On 23 February 2004, the Company entered into an Agreement for the Trusteeship of the Management of Investment in State Bonds with China Fortune Securities.

Under the requirement of the listing rules 7.4.4(2) of Shanghai Stock Exchange, an announcement will be issued in designated newspapers circulated in the People's Republic of China on 31 March 2004. This announcement is made pursuant to rule 13.09(2) of the Listing Rules.

Shareholders and public investors are advised to take notice of market risks and exercise cautions when dealing in shares of the Company.

The following is the main text of the announcement to be issued by the Company in designated newspapers circulated on 31 March 2004.

The Company wishes to hereby announce that on 30 December 2003, the Board of Directors, by way of written resolution, considered and approved the Company's utilization of capital not exceeding RMB100 million with sufficient risk control in 2004.

On 23 February 2004, the Company entered into an Agreement for the Trusteeship of the Management of Investment in State Bonds with China Fortune Securities ("China Fortune Securities") (which, and its beneficial owner are not connected person of the Company as defined under the The rules governing the listing of securities on The Stock Exchange of Hong Kong Limited ("Listing Rules")), pursuant to which the Company entrusted China Fortune Securities a company having the qualification certificate issued by China Securities Regulatory Commission to offer asset management services to customers, to conduct investment on state bonds with RMB50,000,000 (RMB Fifty million dollars), funded by internal resources. The term of the entrustment lasts for twelve months, with effect from the capital deposited to the Company's capital account in China Fortune Securities. The said capital has been deposited to the relevant account on 23 February 2004.

The Company also plans to entrust a qualified company to manage the remaining RMB50,000,000 (RMB Fifty million dollars).

The entrustment is effective only in the year of 2004. The principal business of the Company is design, development, manufacture and sales of machine tools, precision measuring equipment and precision transducers. The board consider that owing to the sufficient cash flow of the Company this year, it is able to increase income from short-term investment while maintaining its principal business in normal course.

The Board of Directors was authorized to make the above decision in accordance with article 5(13)(1) of the Rules of Procedures for Boards of Directors' Meetings resolved at the general meeting last year.

This announcement is made pursuant to rule 13.09(2) of the Listing Rules of The Stock Exchange of Hong Kong Limited. Shareholders and public investors are advised to take notice of market risks and exercise cautions when dealing in shares of the Company.

By order of the Board
Feng Si Zhong
Secretary of the Board

(Executive Director: Yue Huafeng, Cheng Yunchuan, Wu Ketian, Zhang Hanrong)

(Non-Executive Director: Wang Shangjin, Zhang Chao, Guo Shangwu, Jiang Zhuangde, Yu Chengting, Tong Yunhuan, Dong Juan)

1 April 2004

Please also refer to the published version of this announcement in China Daily / Wen Wei Po.