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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 Major Matter Progress

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’s Substantial Shareholder, Shenyang Machine Tool (Group) Company Limited (the “Shenyang Group”) has entered into the Share Transfer Agreement with Tibet Unis-zhuoyuan Equity Investment Co., Ltd. (the “Unis-zhuoyuan”) on 9 November 2015 to transfer its 133,222,774 shares of the Company which represents 25.08% of the total issued shares of the Company) to Unis-zhuoyuan.

Recently, the Company received the notice from Shenyang Group that the above issue has obtained the approval from Liaoning Provincial State-owned Assets Supervision and Administration Commission (“SASAC”) and the approval from Liaoning government.

According to the special instruction, Shenyang Group has not yet obtained the relevant approval procedure from SASAC of the State Council of the PRC on the share transfer issue. According to the Share Transfer Agreement term: “Within three months from the signing date of the agreement, if the effective condition of the agreement cannot be fulfilled, the agreement will be automatically terminated, both sides do not bear the liability of breach”, the Share Transfer Agreement was signed on 9 November 2015

and the expiry date will be on 8 February 2016, therefore, the Share Transfer Agreement would be terminated on 8 February 2016.

Based on the above information, presently, both sides are discussing whether the Share Transfer Agreement will be postponed. The Company will pay close attention to this matter's progress and implement information disclosure obligations to make further announcement in timely. **Investors are advised to invest cautiously and pay attention to risks!**

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.

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 5 February, 2016

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.