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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 Unusual Price Movement of A Shares of the Company

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.

Special Note:

- On 21 March, 22 March, 23 March 2017, the closing price deviation value of decrease of A Shares of the Company accumulated more than 15% in three consecutive trading days. According to the Shanghai Stock Exchange Trading Rules (the “Trading Rules”), this situation was subject to the unusual trading movement.
- After self-inspection by the Company, the Company did not plan major matters such as mergers and acquisitions and restructuring, issue of shares, business restructuring, assets stripping and assets injection etc..
- After enquiry and confirming to the substantial shareholder of the Company, Shenyang Machine Tool (Group) Co., Ltd. (the “Shenyang Group”) and its beneficial controller, as at the date of this announcement, Shenyang Group and its beneficial controller did not plan major matters related to the Company, such as mergers and acquisitions and restructuring, issue of shares, debt restructuring, business restructuring, assets stripping and assets injection etc..

I. Information of the Unusual Trading Movement of A Shares of the Company

On 21 March, 22 March, 23 March 2017, the closing price deviation value of decrease of A Shares of the Company accumulated more than 15% in three consecutive trading days.

According to the Shanghai Stock Exchange Trading Rules (the “Trading Rules”), this situation was subject to the unusual trading movement.

II. The Concerned and Verified Information by the Company

1. Whether significant changes in daily operation of the Company

Given sluggish domestic economy, sustained weak market demand and increased difficulties in transformation and upgrading, main business income, orders etc. scale indicators were basically flat with previous year. However, profit, output etc. operating quality and operating indicators showed the status of further weak to run. The status of operating quality was not optimistic. Up to now, it is judged that the Company will still have a loss in 2016 and there is no possibility of profit. Under the relevant regulations of Shanghai Stock Exchange Listing Rules, the Company's A Shares will be suspended listing after the disclosure of the 2016 annual report. The Company has published announcements on risk warning for many times.

2. Whether major matters as mergers and acquisitions and restructuring, issue of shares, debt restructuring, business restructuring, assets stripping and assets injection etc. have been planned by the Company or its controlling shareholder or beneficial controller

After self-inspection and enquiry and confirming to the substantial shareholder of the Company, Shenyang Group and its beneficial controller, the Company, Shenyang Group and its beneficial controller did not plan major matters related to the Company, such as mergers and acquisitions and restructuring, issue of shares, debt restructuring, business restructuring, assets stripping and assets injection etc..

3. Other major issues likely to have larger effects on the shares' price of the Company

- (1) On 21 March 2017, the Company disclosed the Inside Information Announcement on Previous years Possibly Suspected of Breach of Financial Regulations.
- (2) On 23 March 2017, the Company disclosed the Announcement on the Reply for the Enquiry Letter of SSE on Suspected of Breach of Financial Regulations, Resignation of Independent Non-Executive Director and Announcement on Receiving the Notification of Investigation of CSRC.
- (3) Other than the above issues, after self-inspection, the previous disclosed information by the Company did not need to be corrected or supplemented. The Company did not have any major issues which should be disclosed without disclosure.

4. Other issues verified and disclosed by the Company

After verifying, the Company's directors, supervisors, senior management officers, controlling shareholder and persons acting in concert did not trade the shares of the Company during the

above-mentioned share price volatility period.

Except for the aforementioned issues, there was no any major issues or any planning and intention related to such issues which should be disclosed without disclosure pursuant to the Shanghai Stock Exchange Listing Rules, and the Board has not been informed of any information which should be disclosed without disclosure according to the Shanghai Stock Exchange Listing Rules, and such information may have significant effects on the Company shares and derivatives trading price.

III. Declaration of the board of directors and commitment of the related parties

The board of directors of the Company made the following declaration after verifying in accordance with the requirements of the guideline:

“The board of directors of the Company confirmed that the Company did not have any major issues or any planning and intention related to such issues (except for the disclosed issues involved the aforementioned II) which should be disclosed without disclosure pursuant to the Shanghai Stock Exchange Listing Rules, and the Board has not been informed of any information which should be disclosed without disclosure according to the Shanghai Stock Exchange Listing Rules, and such information may have significant effects on the Company shares and derivatives trading price.”

IV. Related risk warnings

Except for the aforementioned issues, it is verified no other major issues. The Company will pay close attention to the progress of the aforementioned issues and carry out information disclosure obligations in time to publish the further announcement.

A delisting risk warning on the A Shares of the Company had been implemented in 2016 due to the Company have had a loss for the two most recent consecutive years of 2014 and 2015. If the Company's audited net profit in 2016 is still negative, the Company's A Shares will be suspended listing. Up to now, it is judged that the Company will still have a loss in 2016 and there is no possibility of profit. Under the relevant regulations of Shanghai Stock Exchange Listing Rules, the Company's A Shares will be suspended listing after the disclosure of the 2016 annual report. Investors are advised to pay attention to the investment risk.

The Company is suspected of breach of financial regulations and it received the investigation notification from CSRC on 22 March 2017. According to the investigation results of CSRC, if the Company touch on the regulation of significant illegal delisting standards under the Shanghai Stock Exchange Listing Rules, the Company's A Shares would be terminated listing. Investors are advised to pay attention to the investment risk.

The Company's designated information disclosure media are China Securities Daily,

Shanghai Securities News and Securities Times and the following websites: www.sse.com.cn, www.hex.com.hk, and www.kmtcl.com.cn. Related information published by the above designated media shall prevail.

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 23 March 2017

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