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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)

**Delay in Publication of Annual Results and
Despatch of Annual Report for the Year Ended 31 December 2016 and,
Notification of Board Meeting**

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.

Pursuant to Rules 13.49(1) and 13.46 (2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”), the Company is required to publish the annual results for the year ended 31 December 2016 (“Annual Results”) not later than three months after the end of the financial year (on or before 31 March 2017) , and to despatch the 2016 annual report (“Annual Report”) to the Shareholders not later than four months after the end of the financial year (on or before 30 April; 2017).

The Board wishes to inform the shareholders of the Company that the Company will delay in publication of Annual Results and delay in despatch Annual Report accordingly. The reasons for delay are: as disclosed in the Company’s announcement date 21 March 2017, the Company was suspect of breach of financial regulations in previous years during the process of 2016 annual audit. Since the relevant problems involved a longer time, the Company could not thoroughly discover the problems in a short time.

As at the date of this announcement, the Company has not yet fully master the accurate impact on the Company's previous annual financial statements, still cannot assess whether the major matter (the inside information) are relatively independent matter, or the Company’s internal control exists serious problems. In order to ensure the quality of the annual report and the

accuracy of the information disclosure, after fully communication between the Company and the audit institution and assessing cautiously, the Company decided to postpone the date of disclosure of the Annual Results to 25 April 2017, and delay in despatch Annual Report on or before 31 May 2017. The Company is sorry for the inconvenience caused to investors.

The Board meeting originally scheduled to be held on 30 March 2017 will be postponed to 24 April 2017, for the purpose of, inter alia, considering and approving the final results of the Company and its subsidiaries for the year ended 31 December 2016.

Delay in publication of the Annual Results and delay in despatch of the 2016 Annual Report will constitute non-compliance of Rule 13.49(1) and Rule 13.46 (2) of the Listing Rules, respectively. H Shares of the Company will be suspended with effective from 9:00 a.m. on 3 April 2017 until after the close of business on 24 April the annual results disclosed in the evening. Trading of H Shares of the Company will be resumed with effective from 9:00 a.m. on 25 April 2017. The Company will publish further announcement(s) in due course to inform the shareholders of the Company or potential investors the progress of the publication of Annual Results and the despatch of Annual Report.

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 24 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.