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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)

**NOTICE OF THE SECOND
EXTRAORDINARY GENERAL MEETING OF 2015**

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.

IMPORTANT INFORMATION

- The date of the second extraordinary general meeting of 2015 (the “EGM”) will be 31 July 2015;
- The adopted online voting system of the EGM: the shareholders’ meeting online voting system by Shanghai Stock Exchange

I. CONVENING INFORMATION OF THE EGM

1. Shareholders’ meeting assembly session times:

The second extraordinary general meeting of 2015;

2. Convener: the board of directors of the Company;
3. Voting manner: combination of on-site voting by way of poll and internet voting.
4. Date, time and venue of the on-site meeting

Date and time of the EGM: 31 July 2015 at 9:30 a.m.;

Venue: Conference Room, 2nd Floor, Office Building, 23 Ciba Road, Kunming City, Yunnan Province, the People's Republic of China, (the "PRC")

5. Internet voting system, voting date and time

Online voting system: the shareholders' meeting online voting system by Shanghai Stock Exchange

Date of online voting: 31 July 2015

The Company will adopt online voting system by Shanghai Stock Exchange to holders of A Shares of the Company: time for voting platform through Shanghai Stock Exchange trading system will be the trading hours of the date of the EGM being held, e.g. 9:15-9:25, 9:30-11:30, 13:00-15:00; time for voting platform through internet will be 9:15-15:00 of the date of the EGM being held.

6. The voting procedures for business accounts of margin, refinancing, agreed repurchase and investors of SH-HK stock connect

Voting related to business accounts of margin, refinancing, agreed repurchase and investors of SH-HK stock connect should be carried out in accordance with relevant regulations of Shanghai Stock Exchange listed company shareholders' meeting online voting implementation details and so on.

7. Involving public solicitation of shareholders voting rights

No

II. RESOLUTIONS FOR CONSIDERATION AND APPROVAL AT THE EGM

Ordinary resolutions for consideration and type of voting shareholders at the EGM:

No.:	Ordinary resolutions	Type of voting shareholders
		Holder of A Shares/ H Shares of the Company
1	To consider and approve the resolution of changing to appoint Ruihua Certified Public Accountants (Special General Partnership) as the auditor of the Company for the year 2015, and authorizing the Board to decide its remuneration	√

(1) Disclosure time and media of resolutions

The resolutions for considering at the EGM have been published on 26 June 2015 on China Securities Daily, Shanghai Securities News and Securities Times as well as published on the following websites: <http://www.sse.com.cn>, <http://www.hkex.com.hk> and <http://www.kmtcl.com.cn>.

(2) Special resolution for considering at the EGM: no

(3) Resolution to small and medium investors for separate counting: no

(4) Resolution involved connected shareholders avoiding voting: no

Name of connected shareholders who should avoid voting: no

(5) Resolution involved holders of preferred shares voting: no

III. QUALIFIED ATTENDANCE

1. Holders of A Shares of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 2 July 2015 are entitled to attend the EGM; or their appointed proxy(es) who need not be a shareholder of the Company are entitled to attend the EGM;

2. Holders of H Shares of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 2 July 2015 are entitled to attend the EGM; or their appointed proxy(es) who need not be a shareholder of the Company are entitled to attend the EGM;

Class of shares	Stock code	Short name	Record date
A Shares	600806	Kunming Machine	2015/7/2
H Shares	0300	Kunming Machine	2015/7/2

3. Directors, supervisors and the senior management officers of the Company;
4. The lawyers appointed by the Company, etc.
5. Other people.

IV. REGISTRATION METHOD

1. Holders of H Shares of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 2 July 2015 are entitled to attend the EGM by presenting their identity cards or passports. Holders of H Shares intend to attend the EGM are required to fax or mail their copies of identity cards or relevant page of their passport bearing their names, power of attorney (if applicable) and copies of identity cards of proxies together with reply slip for attending the EGM to the secretary office of the Company's Board by Friday, 10 July 2015. The register of members of H Shares of the Company will be closed on 3 July 2015 (Friday) to 31 July 2015 (Friday) (both days inclusive), during which time no transfer of H Shares will be registered. People who buy H Shares of the Company during the book closure period are not entitled to attend the EGM.
2. Each shareholder who is entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on his or her behalf at the EGM (A proxy need not be a member of the Company).
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or in the case of a legal person, must either be executed under its seal or under the hand of a legal representative or other attorney duly authorised to sign the same. If that instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign, or other document of authorisation, must be notarially certified. To be valid, for holders of A Shares, the notarially certified power of attorney, or other document of authorisation, and the form of proxy must be delivered to the registered address of the Company no later than 24 hours before the time appointed for the holding of the EGM. In order to be valid, for holders of H shares, the

above documents must be delivered to Hong Kong Registrars Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong within the same period of time.

4. Proxies of A Shares shall attend the EGM by presenting shareholder's cards, proxy forms (if applicable) and identity cards of proxies. Proxies of H Shares shall attend the EGM by presenting instrument (if applicable) and their identity cards or passports.

V. OTHER MATTERS

1. According to the replies received before 20 days convening the EGM, the number of shares represented by the shareholders intending to attend the EGM carrying voting right will be calculated. If the calculated number is more than half of total number of shares of the Company carrying voting rights, the EGM will be held. Otherwise, the Company should announce another notice of EGM includes the resolutions, the date and address of EGM within five days. Then the EGM will be convened as scheduled.
2. The EGM is expected to last for half day. Shareholders (or their proxies) attending the EGM are responsible for their own transportation and accommodation expenses.
3. Contact information

Registered address of the Company: 23 Ciba Road, Kunming City, Yunnan Province, the PRC; Post Code: 650203

Facsimile: +86 871 66166623 or +86 871 66166288

Telephone: +86 871 66166612 or +86 871 66166623

Contact person: Ms. Wang Bihui and Ms. Zhang Meng

Board of Directors

Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 25 June, 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.