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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 Resolutions Passed
at the 11th Meeting of the 8th Term of the Board of Directors**

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:

- All directors of the Company attended 11th meeting of the 8th Board of the Company (the "Meeting").
- All resolutions have been passed at the Meeting.

I. CONVENING OF THE MEETING

1. The Meeting complied with the relevant laws, administrative regulations, departmental regulations, regulatory documents and the Articles of Association of the Company.
2. The notice and information of the Meeting were sent to directors on 19 June 2015.
3. The Meeting was held on 25 June 2015 at Kunming City and the voting is by way of communication.
4. All 12 eligible directors attended the Meeting, and five supervisors presented at the Meeting.
5. The Meeting was presided at the chairman of the Company.

II. CONSIDERATION AND VOTING RESULTS OF THE MEETING

1. Changing to appoint Ruihua Certified Public Accountants ("Ruihua") (Special General Partnership) as the auditor of the Company for the year 2015, and authorizing the Board to decide its remuneration.
 - (1) Information of changing to appoint Ruihua

The Company's originally appointed auditor KPMG Huazhen (Special General Partnership) had provided audit services for the Company for eight consecutive years. During the course of practice, it adhered to the principle of independent audit to objectively and fairly reflect the Company's financial status, to effectively implement the responsibilities of an audit institution and to protect the lawful rights and interests of the Company and its shareholders professionally.

After the last appointment, there were objections to the quotation of new annual audit fee between the Company and KPMG. Therefore, the Company had made inquiries at several accounting firms. After comparing their performance and audit capabilities, the Company now proposed to appoint Ruihua Certified Public Accountants (Special General Partnership) as the auditor of the Company for the year 2015.

The Company would like to express its gratitude to KPMG Huazhen (Special General Partnership) for its hard work over the years.

- (2) The basic information of Ruihua Certified Public Accountants ("Ruihua") (Special General Partnership)

Ruihua was established on 30 April 2013 which combined by RSM Nelson Wheeler and Crowe Horwath, headquartered in Beijing. According to the "2014 Top 100 Public Accountancy Firms in China" published by the Chinese Institute of Certified Public Accountants ("CICPA"), Ruihua has been ranked No. 3 among all. Moreover, Ruihua has been approved by China's Ministry of Finance and China Securities Regulatory Commission as a mainland China CPA limited who can be the reporting accountant and/or auditor for companies incorporated in mainland and listed in Hong Kong.

As at the end of 2014, Ruihua had over 9,000 employees, including over 2,000 Certified Public Accountants, 300 partners and 20 nationally-recognised industry leaders. Clients included more than 40 enterprises directly under central government, 334 listed companies with business of A shares and number of listed companies with business of H shares, B shares or S shares, and around 300 financial institutions and 4,000 perennial audit clients.

- (3) Range of financial statements audit and consultancy

Ruihua will provide 2015 annual audit, assurance and consultative services to the Company, including but not limit to financial statements audit and financial statements special explanation audit etc.

- (4) Suggestion of the annual audit fee

According to the assets of the Company and the workload of audit, it is suggested that the annual audit fee for 2015 would be RMB2.8 million.

There were 12 affirmative votes, 0 dissenting vote and 0 abstaining votes on this resolution and the resolution was passed at the Meeting.

2. The motion of convening the second extraordinary general meeting of 2015.

There were 12 affirmative votes, 0 dissenting vote and 0 abstaining votes on this resolution and the resolution was passed at the Meeting.

The above resolution no. 1 will be submitted to the coming shareholders' meeting for consideration and approval. Details of the resolution will be published 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>.

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.