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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 15th Meeting of the 9th 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 truthfulness, accuracy and completeness of the content herein.

IMPORTANT INFORMATION:

- All Directors of the Company attended the Meeting
- The resolution has been passed at the Meeting

I. CONVENING OF THE MEETING

1. The fifteenth meeting of the 9th board of directors of the Company (the “Meeting”) complied with the relevant laws, administrative regulations, departmental regulations, regulatory documents and the Articles of Association of the Company.
2. The information of the Meeting was sent to directors on 30 November 2018.
3. The Meeting was held on 3 December 2018 and the vote is by way of written.
4. All 11 eligible directors attended the Meeting.

II. CONSIDERATION AND VOTING RESULTS OF THE MEETING

Motion: establishing a wholly-owned subsidiary which will be registered in Shenzhen by contribution of part of the Company’s property as equity and authorizing the management to handle relevant formalities according to the procedures.

6 affirmative votes, 5 dissenting vote and 0 abstaining vote. The resolution was passed at the Meeting.

Of which, independent non-executive director (“INED”) Na Chaohong, INED Chi Yilin, INED Tian Ruihua, INED Jin Mei and director Wu Yu voted against the motion.

Reasons for disapproval:

INED Na Chaohong: 1. please complete the purpose of the motion, the specific plans and the operating method etc.;

2. no relevant evaluation;

3. why shall set up a separate company to operate? why register in Shenzhen? The properties of the Company are not in Shenzhen.

INED Chi Yilin: 1. Whether the motion includes all properties of the Company? How much is the value of the properties? The Company must evaluate the properties.

2. In order to revitalize the fixed assets of the Company, setting up a company by contribution of properties as equity, the Company shall explain how to revitalize the in detail, is it financing or selling? Before understanding the above information in detail, it is recommended to suspend voting.

INED Tian Ruihua: 1. What is the purpose of “establishing a subsidiary by contribution of part of properties as equity” Is it necessary? The motion did not explain.

2. “Establishing a subsidiary by contribution of part of properties as equity” Such properties did not evaluate by relevant organizations, and the value of the properties is not stated.

INED Jin Mei: the motion did not explain the direct meaning of revitalizing the fixed assets after establishing a subsidiary by contribution of properties as equity.

Director Wu Yu: according to the content of the motion, the intention of establishing a subsidiary, the registered capital, business scope and form of the subsidiary are not clearly stated and the motion is unable to be voted.

Board of Directors

Shenji Group Kunming Machine Tool Company Limited

Kunming, the PRC, 10 December 2018

As at the date of this announcement, the Company’s executive directors are Mr. Wang He, Mr. Zhang Xiaoyi, Mr. Peng Liangfeng and Ms. Xu Juan; non-executive directors are Mr. Liu Chunshi, Mr. Xia Changtao and Ms. Wu Yu; and the independent non-executive directors are Mr. Na Chaohong, Mr. Chi Yilin, Ms. Jin Mei and Ms. Tian Ruihua.