

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

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.

The Company received the resignation SMS from independent non-executive director Mr. Yang Xiongsheng in the morning on 19 March 2017. Since the matter was important, the Company communicated with him and persuaded him to stay for several times, but not succeeded. On 21 March 2017, the Company received the written resignation report from Mr. Yang Xiongsheng, and he emphasized again that his official resignation date was 19 March 2017.

Mr. Yang Xiongsheng applied for resignation of his independent non-executive director of the Company, chairman and member of Audit Committee and member of Nomination Committee because the Company had not listen to his strong suggestions on the improvement of the Company’s accounting information quality and he doubted that the executives of the Company intentionally malpractices in this regard.

After resignation, Mr. Yang will no longer hold any position in the Company. Mr. Yang has confirmed that he has no disagreement with the Board and the supervisory committee of the Company except for the above accounting information quality issue, and there is no matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

As the Company has not yet found a suitable candidate, and according to the Articles of Association of the Company, members of independent non-executive directors of the Board should not less than 1/3 of the Board members. Presently the Board of the Company includes 12 members and four of them are independent non-executive directors. The resignation of Mr. Yang will lead to the proportion below the specified. Therefore, Mr. Yang will continue to perform his duties as independent non-executive director, chairman and member of Audit Committee and member of Nomination Committee in accordance with the laws, administrative regulations, Listing Rules and the Articles of Association of the Company.

The Company will do its best to find a right person to fill the relevant vacancy as soon as possible and to complete the supplement of new independent non-executive director as soon as possible in accordance with the relevant regulations and procedures.

The Board of the Company, supervisory committee of the Company would like to take this opportunity to express their gratitude to Mr. Yang for his contributions to the Company during his tenure of office.

Board of Directors
Shenji Group Kunming Machine Tool Company Limited

Kunming, PRC, 21 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.