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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)

SUPPLEMENTAL NOTICE OF EXTRAORDINARY GENERAL MEETING

Reference is made to the notice of the first extraordinary general meeting of 2018 (the “**Meeting**”) of Shenji Group Kunming Machine Tool Company Limited (the “**Company**”) dated 14 December 2017 (the “**EGM Notice**”) and the announcement of the Company dated 30 January 2018 and the announcement of the Company dated 17 April 2018 on the postponements of the EGM, which set out the time and venue of the EGM and contains the resolutions to be tabled before the EGM for approval by the Company’s shareholders.

NOTICE IS HEREBY GIVEN that the meeting will be held at 9:30 a.m. on 8 May 2018 at Conference Room, 2nd Floor, Office Building, 23 Ciba Road, Kunming City, Yunnan Province, the People’s Republic of China for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments as ordinary resolutions, in addition to the proposed resolutions set out in the EGM Notice and the announcement of the Company dated 30 January 2018:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the loan agreement (the “**Connected Loan Agreement**”) to be entered into within five (5) business days after passing this resolution between 瀋陽機床(集團)有限責任公司 (Shenyang Machine Tool (Group) Company Limited*) (the “**Substantial Shareholder**”) as lender and the Company as borrower in relation to, among others, the provision of the unsecured loan facility up to RMB200 million by the Substantial Shareholder to the Company and its subsidiaries (a copy of which is marked “A” and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved and the directors of the Company (the “**Directors**”) be and hereby authorised to do all

such acts and things and execute all such documents (including but not limited to the Connected Loan Agreement) which they consider necessary, desirable or expedient for the implementation of and giving effect to the Connected Loan Agreement and the transactions contemplated thereunder; and

- (b) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the Connected Loan Agreement and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the Connected Loan Agreement and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.”

2. “**THAT**

- (a) the bank loan agreement (the “**Bank Loan Agreement**”) between an independent PRC licensed commercial bank (the “**Bank**”) and the Substantial Shareholder in relation to, among others, the provision of the bank loan facility up to RMB200 million by the Bank to the Substantial Shareholder secured by, among others, the relevant corporate guarantee (the “**Corporate Guarantee**”) to be provided the Company and the property pledge of PRC properties held by the Company and its subsidiaries (the “**Property Pledge**”) (a copy of which is marked “A” and produced to the Meeting and signed by the chairman of the Meeting for identification purpose) and the transactions contemplated thereunder be and are hereby ratified, confirmed and approved and the Directors be and are hereby authorised to do all such acts and things and execute all such documents (including but not limited to the Corporate Guarantee and the Property Pledge) which they consider necessary, desirable or expedient for the implementation of and giving effect to the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder; and
- (b) any Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements (whether under common seal or not) and to do all such acts or things deemed by him/her/them to be incidental to, ancillary to or in connection with the matters contemplated in the Bank Loan Agreement, the Corporate Guarantee and the Property Pledge and the transactions contemplated thereunder as he/she/they may in his/her/their absolute discretion consider necessary, desirable or expedient to give effect to the Corporate Guarantee and the Property Pledge

and the implementation of all transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interest of the Company and its shareholders as a whole.”

By order of the Board
Shenji Group Kunming Machine Tool Company Limited
Wang He
Executive Director

Kunming, PRC, 20 April 2018

* *For identification purposes only*

Registered office and principal place of business in the PRC:

23 Ciba Road
Kunming City
Yunnan Province
The People’s Republic of China

Notes:

1. Any member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies. to attend and, in the event of a poll, vote in his/her stead. A proxy needs not be a member of the Company.
2. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Company’s Hong Kong branch share registrar and transfer office, Hong Kong Registrars Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above meeting or any adjournment thereof, should he so wish, and in such event, the form of proxy shall be deemed to be revoked.

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