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POSITIVE PROFIT ALERT

This announcement is made by Cosmos Machinery Enterprises Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) is pleased to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a preliminary review of the unaudited consolidated management account of the Group for the financial year ended 31 December 2017 and the information currently available to the Board, the Group is expected to record a profit attributable to equity holders of the Company for the year ended 31 December 2017 as compared with the net loss for the year ended 31 December 2016. The expected profit attributable to equity holders of the Company for the year ended 31 December 2017 is principally attributable to:

- (1) no expenses incurred for the year ended 31 December 2017 with respect to the ongoing restructuring exercise of the plastic products and processing segment and the machinery manufacturing segment, as compared to an approximate amount of HK\$135 million incurred for the year ended 31 December 2016;
- (2) a non-recurring item with amount of approximately HK\$31 million reversed as income for the year ended 31 December 2017, after considering the progress of the abovementioned restructuring exercise;
- (3) improvement in the business performance of the Group’s machinery manufacturing segment during the year ended 31 December 2017; and
- (4) decrease in unit production cost through the increased utilisation of idle production capacities of the Group.

The information contained in this announcement is only a preliminary assessment made by the management of the Company based on the unaudited consolidated management accounts of the Group for the financial year ended 31 December 2017 and information presently available to the Board. The audited consolidated financial results of the Group for the financial year ended 31 December 2017 have not been finalized and are subject to confirmation with the auditors of the Company. Further details of the Group's results will be disclosed in the final results announcement of the Company for the financial year ended 31 December 2017, which is expected to be published in March 2018, and in the subsequent publication of the Group's annual report 2017.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Cosmos Machinery Enterprises Limited
TANG To
Chairman

Hong Kong, 2 March 2018

As at the date hereof, the Board comprises of nine directors, of which three are executive directors, namely Mr. Tang To, Mr. Wong Yiu Ming and Mr. Tang Yu, Freeman, two are non-executive directors, namely Mr. Kan Wai Wah and Mr. Qu Jinping and four are independent non-executive directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei.