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(Incorporated in Hong Kong with limited liability)



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(Stock Code: 118)

JOINT ANNOUNCEMENT

**(1) PROPOSED PRIVATISATION OF
COSMOS MACHINERY ENTERPRISES LIMITED
BY COSMOS MACHINERY (HOLDINGS) LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 673 OF THE COMPANIES ORDINANCE**

**(2) PROPOSED WITHDRAWAL OF LISTING OF
COSMOS MACHINERY ENTERPRISES LIMITED**

**(3) ESTABLISHMENT OF
THE INDEPENDENT BOARD COMMITTEE**

(4) RESUMPTION OF TRADING IN SHARES

Financial Adviser to the Offeror



China Tonghai Capital Limited

INTRODUCTION

On 3 December 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Scheme Consideration in cash for each Scheme Share.

TERMS OF THE PROPOSAL

Under the Scheme, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Scheme Consideration of HK\$0.500 in cash for each Scheme Share cancelled.

The Proposal is, and the Scheme will become effective and binding on the Company and all the Shareholders, subject to the fulfilment or waiver (as applicable) of the Conditions as described in the section headed “Terms of the Proposal – Conditions of the Proposal” of this announcement. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse.

TOTAL CONSIDERATION AND FINANCIAL RESOURCES

As at the date of this announcement, the Company has 861,930,692 Shares in issue. The 411,117,229 Scheme Shares represents approximately 47.70% of the total number of Shares in issue.

On the assumption that there is no other change in the shareholding structure of the Company before the completion of the Proposal, the amount of cash payable to the Scheme Shareholders under the Proposal would be approximately HK\$205,558,614.50 on the basis of the Scheme Consideration of HK\$0.500 per Scheme Share and 411,117,229 Scheme Shares in issue as at the date of this announcement.

The Offeror intends to finance the cash required for the Proposal through its internal financial resources and the Loan Facility made available to the Offeror by Tonghai Finance under the Facility Agreement, which is secured by a charge over the Shares that are owned and will be owned by the Offeror under the Proposal.

Tonghai Capital is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement:

- (a) the Company has 861,930,692 Shares in issue;
- (b) the Offeror directly holds 235,802,600 Shares, representing approximately 27.36% of the total number of issued Shares; and
- (c) the Offeror Concert Parties own, control or have direction over an aggregate of 225,196,063 Shares, representing approximately 26.13% of the total number of issued Shares. A total of 10,185,200 Shares (representing approximately 1.18% of the total number of issued Shares) held by Ms. Hui Tang Yee, Mr. Wong Yiu Ming and Mr. Kan Wai Wah, each of them an Offeror Concert Party, will form part of the Scheme Shares.

As at the date of this announcement, the Scheme Shares comprise a total of 411,117,229 Shares held or beneficially owned by the Scheme Shareholders, representing approximately 47.70% of the total number of issued Shares.

As at the date of this announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than 861,930,692 Shares in issue.

Upon the Scheme becoming effective, the Offeror will directly hold 75.05% of the total number of issued Shares and the Offeror Concert Parties will directly hold 24.95% of the total number of issued Shares.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises Mr. Qu Jinping being the non-executive Director, and Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei, being the independent non-executive Directors, has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to voting. Since Mr. Kan Wai Wah, a non-executive Director, is a director of the Offeror, Mr. Kan Wai Wah has not been included in the Independent Board Committee.

The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee on the Proposal. A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

DESPATCH OF THE SCHEME DOCUMENT

A Scheme Document including, among other things, further details of the Proposal, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Court Meeting and the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 1:00 p.m. on Thursday, 3 December 2020 pending the release of this announcement. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Friday, 11 December 2020.

WARNINGS

Shareholders and potential investors of the Company should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document.

The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not so resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.

INTRODUCTION

On 3 December 2020, the Offeror requested the Board to put forward the Proposal to the Scheme Shareholders for the privatisation of the Company by way of a scheme of arrangement under section 673 of the Companies Ordinance involving the cancellation of the Scheme Shares and, in consideration therefor, the payment to the Scheme Shareholders of the Scheme Consideration in cash for each Scheme Share.

If the Proposal is approved and implemented:

- (a) all the Scheme Shares held by the Scheme Shareholders will be cancelled on the Effective Date in exchange for the payment to the Scheme Shareholders of the Scheme Consideration of HK\$0.500 in cash for each Scheme Share to be paid by the Offeror;
- (b) the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled. The credit arising in the books of account of the Company as a result of the capital reduction will be applied in paying up the new Shares so allotted and issued, credited as fully paid, to the Offeror; and
- (c) the Company will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the Effective Date pursuant to Rule 6.15(2) of the Listing Rules.

TERMS OF THE PROPOSAL

The Scheme Consideration

Under the Scheme, the Scheme Shares will be cancelled and, in consideration therefor, each Scheme Shareholder will be entitled to receive the Scheme Consideration of HK\$0.500 in cash for each Scheme Share cancelled.

Comparison of value

The Scheme Consideration of HK\$0.500 per Scheme Share represents:

- (a) a premium of approximately 29.9% over the closing price of HK\$0.385 per Share as quoted on the Stock Exchange on the Last Trading Date, which is the last closing price of the Shares on 3 December 2020 prior to the trading halt in the Shares pending the release of this announcement;

- (b) a premium of approximately 33.3% over the closing price of HK\$0.375 on 2 December 2020, which is the closing price on the last full trading day of the Shares prior to the release of this announcement;
- (c) a premium of approximately 35.5% over the average closing price of approximately HK\$0.369 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (d) a premium of approximately 32.6% over the average closing price of approximately HK\$0.377 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (e) a premium of approximately 26.9% over the average closing price of approximately HK\$0.394 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (f) a premium of approximately 28.2% over the average closing price of approximately HK\$0.390 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (g) a premium of approximately 45.3% over the average closing price of approximately HK\$0.344 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (h) a premium of approximately 138.1% over the lowest closing price of HK\$0.210 per Share and a premium of approximately 7.5% over the highest closing price of HK\$0.465 per Share as quoted on the Stock Exchange for the one year up to and including the Last Trading Date;
- (i) a discount of approximately 68.2% to the unaudited consolidated net asset value per Share of approximately HK\$1.572 as at 30 June 2020;
- (j) a discount of approximately 66.8% to the unaudited consolidated net tangible asset value per Share of approximately HK\$1.505 as at 30 June 2020;
- (k) a discount of approximately 68.9% to the audited consolidated net asset value per Share of approximately HK\$1.609 as at 31 December 2019;

- (l) a discount of approximately 67.6% to the audited consolidated net tangible asset value per Share of approximately HK\$1.541 as at 31 December 2019; and
- (m) an implied price-earnings multiple of approximately 27.3 times based on the audited basic earnings per Share of approximately HK\$0.0183 for profit attributable to the equity shareholders of the Company for the year ended 31 December 2019.

The Scheme Consideration has been determined after taking into account, among other things, the challenging operating environment facing the Company, the recent and historic trading prices and trading volume of the Shares and publicly available financial information of the Company.

Highest and lowest prices

During the six-month period ended on and including the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.465 on 5 October 2020 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.280 on 4 June 2020.

Total consideration and financial resources

As at the date of this announcement, the Company has 861,930,692 Shares in issue. The 411,117,229 Scheme Shares represents approximately 47.70% of the total number of Shares in issue.

On the assumption that there is no other change in the shareholding structure of the Company before the completion of the Proposal, the amount of cash payable to the Scheme Shareholders under the Proposal would be approximately HK\$205,558,614.50 on the basis of the Scheme Consideration of HK\$0.500 per Scheme Share and 411,117,229 Scheme Shares in issue as at the date of this announcement.

The Offeror intends to finance the cash required for the Proposal through its internal financial resources and the Loan Facility made available to the Offeror by Tonghai Finance under the Facility Agreement, which is secured by a charge over the Shares that are owned and will be owned by the Offeror under the Proposal.

Tonghai Capital is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal.

The Proposal

Under the Proposal, subject to the Scheme becoming binding and effective in accordance with its terms, the share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the issue to the Offeror, credited as fully paid, of the same number of new Shares as the number of Scheme Shares cancelled. The credit arising in the books of account of the Company as a result of the capital reduction will be applied in paying up the new Shares so allotted and issued, credited as fully paid, to the Offeror.

Shares held by the Offeror and the Offeror Concert Parties (except for an aggregate of 10,185,200 Shares directly held by Ms. Hui Tang Yee, Mr. Wong Yiu Ming and Mr. Kan Wai Wah, each of them an Offeror Concert Party) will not be cancelled under the Scheme and will continue to be held by them upon the Scheme becoming effective.

Conditions of the Proposal

The Proposal is, and the Scheme will become effective and binding on the Company and all the Shareholders, subject to the fulfilment or waiver (as applicable) of the following Conditions:

- (a) the Scheme being approved (by way of poll) by holders of the Scheme Shares representing at least 75% of the voting rights of such holders present and voting, in person or by proxy, at the Court Meeting, and the votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all Disinterested Shares, provided that:
 - (i) the Scheme is approved (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Independent Shareholders that are cast either in person or by proxy at the Court Meeting; and
 - (ii) the number of votes cast (by way of poll) against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all the Scheme Shares held by the Independent Shareholders;

- (b) the passing of a special resolution by a majority of at least 75% of the votes cast by the Shareholders present and voting, in person or by proxy, at the EGM (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled;
- (c) the sanction of the Scheme (with or without modification) and the confirmation of the reduction of the share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the share capital of the Company and the Scheme, respectively;
- (e) all Authorisations having been obtained (or, as the case may be, completed) and remaining in full force and effect without modification;
- (f) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order), in each case, which would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material conditions or obligations with respect to the Proposal or its implementation in accordance with its terms);
- (g) all necessary legal or regulatory obligations in all relevant jurisdictions having been complied with and no legal or regulatory requirement having been imposed which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws or regulations in connection with the Proposal or its implementation in accordance with its terms;

- (h) the implementation of the Proposal not resulting in, and no event or circumstance having occurred or arisen which would or might be expected to result in:
 - (i) any indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or prior to its stated maturity or repayment date;
 - (ii) any agreement, arrangement, licence, permit or instrument to which any member of the Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject (or any of the rights, liabilities, obligations or interests of any member of the Group thereunder) being terminated or adversely modified (or any material obligation or liability on the part of any member of the Group arising in relation thereto); or
 - (iii) the creation or enforcement of any security interest over the whole or any part of the business, property or assets of any member of the Group or any such security (whenever arising) becoming enforceable,

in each case, which is material in the context of the Group as a whole or in the context of the Proposal or its implementation in accordance with its terms; and

- (i) since the date of this announcement:
 - (i) there having been no adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group which is material in the context of the Group taken as a whole or in the context of the Proposal; and
 - (ii) there not having been instituted, threatened in writing or remaining outstanding any litigation, arbitration, other proceedings or other dispute resolution process to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no investigation by any government, quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, instituted or remaining outstanding, in each case, which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal or its implementation in accordance with its terms.

The Offeror reserves the right to waive all or any of the Conditions, either in whole or in respect any particular matter, except for the Conditions in paragraphs (a) to (d) above. The Company does not have the right to waive any of the Conditions. All of the above Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. When all the Scheme Conditions are satisfied or waived (as applicable), the Scheme will become effective and binding on the Offeror, the Company and all the Scheme Shareholders.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Proposal.

With reference to the Condition in paragraph (e), as at the date of this announcement, the Offeror and the Company are not aware of any requirement for such Authorisations other than those set out in the Conditions in paragraphs (a) to (d). As at the date of this announcement, the approvals from each of the board of directors of the Offeror and the Company in respect of the implementation of the Proposal have been obtained. With reference to the Condition in paragraph (f), as at the date of this announcement, the Offeror and the Company are not aware of any such action, proceeding, suit, investigation, statute, regulation, demand or order. With reference to the Condition in paragraph (g), as at the date of this announcement, the Offeror and the Company are not aware of any such non-compliance or legal or regulatory requirement other than those set out in the Conditions in paragraphs (a) to (d). With reference to the Condition in paragraph (h), as at the date of this announcement, the Offeror is not aware of any such event or circumstance.

If approved, the Scheme will be binding on all of the Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the EGM.

Warning: Shareholders and potential investors should be aware that the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement:

- (a) the Company has 861,930,692 Shares in issue;
- (b) the Offeror directly holds 235,802,600 Shares, representing approximately 27.36% of the total number of issued Shares;
- (c) the Offeror Concert Parties own, control or have direction over an aggregate of 225,196,063 Shares, representing approximately 26.13% of the total number of issued Shares. A total of 10,185,200 Shares (representing approximately 1.18% of the total number of issued Shares) held by Ms. Hui Tang Yee, Mr. Wong Yiu Ming and Mr. Kan Wai Wah, each of them an Offeror Concert Party, will form part of the Scheme Shares;
- (d) save as disclosed in paragraphs (b) and (c) above, the Offeror and the Offeror Concert Parties do not legally or beneficially own, control or have direction any other Shares;
- (e) there are no convertible securities, warrants or options in respect of the Shares held, controlled or directed by the Offeror or the Offeror Concert Parties;
- (f) neither the Offeror nor the Offeror Concert Parties has entered into any outstanding derivative in respect of the securities in the Company;
- (g) neither the Offeror nor the Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (h) none of the Offeror nor the Offeror Concert Parties has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this announcement.

As at the date of this announcement, the Scheme Shares comprise a total of 411,117,229 Shares held or beneficially owned by the Scheme Shareholders, representing approximately 47.70% of the total number of issued Shares.

On the assumption that there is no other change in the shareholding structure of the Company before completion of the Proposal, the table below sets out shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Proposal:

Shareholder	As at the date of this announcement		Immediately upon completion of the Proposal	
	<i>Number of Shares</i>	<i>Approximate % of the total number of issued Shares</i>	<i>Number of Shares</i>	<i>Approximate % of the total number of issued Shares</i>
(A) Offeror	235,802,600	27.36	646,919,829	75.05
(B) Offeror Concert Parties (not forming holders of the Scheme Shares)				
Tai Shing Agencies Limited ^(note 1)	170,104,452	19.74	170,104,452	19.74
Saniwell Holding Inc. ^(note 2)	36,250,000	4.21	36,250,000	4.21
Mr. Tang To ^(note 3) and his associates ^(note 4) (other than the Offeror, Tai Shing Agencies Limited and Saniwell Holding Inc.)	8,656,411	1.00	8,656,411	1.00
Sub-total:	215,010,863	24.95	215,010,863	24.95
(C) Offeror Concert Parties (forming holders of the Scheme Shares)				
Mr. Wong Yiu Ming ^(note 5)	9,468,000	1.10	0	0.00
Ms. Hui Tang Yee ^(note 6)	580,800	0.07	0	0.00
Mr. Kan Wai Wah ^(note 7)	136,400	0.01	0	0.00
Sub-total	10,185,200	1.18	0	0.00
Sub-total (Offeror and Offeror Concert Parties):	460,998,663	53.49	861,930,692	100.00
(D) Independent Shareholders ^(note 8)				
Mr. Cheng Tak Yin ^(note 9)	1,406,000	0.16	0	0.00
Other individual shareholders ^(note 10)	399,526,029	46.35	0	0.00
Sub-total:	400,932,029	46.51	0	0.00
Total:	861,930,692	100.00	861,930,692	100.00

Notes:

- (1) Tai Shing Agencies Limited is an indirect wholly-owned subsidiary of the Offeror.
- (2) Saniwell Holding Inc. is owned as to approximately 57.14% by Mr. Tang To and approximately 42.86% by Mr. Tang Yu, Freeman, both executive Directors.
- (3) Mr. Tang To is an executive Director and a director of the Offeror.
- (4) Out of these 8,656,411 Shares, 4,970,005 Shares are personally held by Mr. Tang To, 226,000 Shares are jointly held by Mr. Tang To and his spouse, and 3,460,406 Shares are held by Ginta Company Limited, which is approximately 99.999% owned by a company which in turn is owned as to 50% by Mr. Tang To and 50% by his spouse.
- (5) Mr. Wong Yiu Ming is an executive Director and is presumed to be acting in concert with the Offeror under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until completion of the Proposal. This class (6) presumption will cease to apply after the Scheme becomes effective.
- (6) Ms. Hui Tang Yee is a sister of Mr. Tang To and is presumed to be acting in concert with the Offeror under class (2) presumption under the definition of “acting in concert” under the Takeovers Code.
- (7) Mr. Kan Wai Wah is a non-executive Director and a director of the Offeror, and is presumed to be acting in concert with the Offeror under class (2) presumption under the definition of “acting in concert” under the Takeovers Code.
- (8) The Shares held by the Independent Shareholders will form part of the Scheme Shares and will be cancelled upon the Scheme becoming effective. Holders of such Shares will be entitled to vote at the Court Meeting.
- (9) Mr. Cheng Tak Yin is an independent non-executive Director.
- (10) As at the date of the announcement, 65,000 Shares are held in several non-discretionary accounts maintained by Tonghai Securities, and 814,950 Shares are held by several relatives (who are not close relatives as defined under the Takeovers Code) of Mr. Tang To and Mr. Tang Yu, Freeman, who are not the Offeror Concert Parties.

As at the date of this announcement, the Company has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than 861,930,692 Shares in issue.

The Offeror and the Offeror Concert Parties will not be entitled to vote at the Court Meeting.

All Shareholders will be entitled to vote on the special resolution to be proposed at the EGM to approve and give effect to the Scheme, including the approval of the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares and the issue to the Offeror of such number of new Shares (credited as fully paid) as is equal to the number of the Scheme Shares cancelled, which is set out in the Condition in paragraph (b) in the section headed “Terms of the Proposal – Conditions of the Proposal” above. The Offeror and the Offeror Concert Parties have indicated that, if the Scheme is approved at the Court Meeting, the Offeror and the Offeror Concert Parties will vote in favour of the special resolution to be proposed at the EGM.

Upon the Scheme becoming effective, the Offeror will directly hold 75.05% of the total number of issued Shares and the Offeror Concert Parties will directly hold 24.95% of the total number of issued Shares.

FINANCIAL ADVISER TO THE OFFEROR, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Offeror has appointed Tonghai Capital as its financial adviser in connection with the Proposal.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee shall comprise all non-executive Directors who have no direct or indirect interest in the Proposal.

The Independent Board Committee, which comprises Mr. Qu Jinping, being the non-executive Director, and Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei, being the independent non-executive Directors, has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the Proposal is, or is not, fair and reasonable and as to voting. Since Mr. Kan Wai Wah, a non-executive Director, is a director of the Offeror, Mr. Kan Wai Wah has not been included in the Independent Board Committee.

The Independent Financial Adviser will be appointed by the Board in due course to advise the Independent Board Committee on the Proposal. A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser.

The Directors (excluding members of the Independent Board Committee whose views will be given after considering the advice of the Independent Financial Adviser) are of the view that the Proposal is fair and reasonable and in the interests of the Shareholders as a whole. The following persons are considered to be interested in the Proposal and have, therefore not participated in any vote of the Board in relation to the Proposal:

- (a) Mr. Tang To and Mr. Tang Yu, Freeman, both executive Directors, by virtue of being directors of the Offeror and shareholders of Saniwell Holding Inc. which indirectly controls the Offeror; and
- (b) Mr. Kan Wai Wah, a non-executive Director, by virtue of being a director of the Offeror.

REASONS FOR AND BENEFITS OF THE PROPOSAL

For the Company: a proposal to allow the Company to operate its business more effectively, amid the challenging market conditions

In light of the recent pandemic outbreak and deteriorating Sino-US trade relations, the Company has been suffering from the uncertainties brought about by a growingly complex operating environment and a weaker global demand. Although the Company has taken measures to enhance competitiveness, the Company expects to face further headwinds as the global economy slows down.

Despite these challenges, the Offeror remains committed to the Company's long-term development goals. The directors of the Offeror are of the view that the Company will, after the implementation of the Proposal, be able to operate more effectively and respond better to the dynamic and changing business environment as well as deploy a significant amount of resources to continue developing its businesses, in order to enhance its market competitiveness. Such investments will invariably involve execution risks, and the associated benefits may materialise in the long-run. In addition, with the Company becoming an unlisted wholly-owned subsidiary of the Offeror, the Offeror considers that it will be possible to manage the Company in a more effective manner, with greater flexibility to support the long-term development of the Company.

To maintain its listing status, the Company faces administrative and compliance burdens, as well as related costs and expenses. Save for the new share issuance by the Company to the Offeror and Saniwell Holding Inc. raising approximately HK\$79.8 million in June 2018 which showed the support of the controlling shareholder of the Company, the listing platform of the Company has not been utilized for any material equity fund raising for over 10 years. Due to the illiquidity in trading of the Shares and the general decreasing trend in stock price of the Shares in recent years, the Company's ability to raise funds through equity financing is limited, and the Offeror believes the position is unlikely to improve significantly in the near future. As such, the Offeror considers that the administrative and compliance costs and management resources associated with maintaining the Company's listing status are no longer justified.

For Scheme Shareholders: an opportunity to release their investment at a significant premium

The liquidity of Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 0.1 million Shares per day, representing only approximately 0.01% of the total number of issued Shares as at the date of this announcement. The low trading liquidity of the Shares could make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares. It is also difficult for Shareholders to dispose of a large number of Shares when events which might have an adverse impact on the Company's share price occur. The Proposal provides a good opportunity for the Scheme Shareholders to sell their Shares, such that they will be able to realise their investment in the Company for cash at an attractive premium, as compared to the prevailing market price (particularly in light of the relative underperformance of the share price in recent years) without having to suffer illiquidity discount.

During the one year up to and including the Last Trading Date, the lowest and highest closing prices per Share on the Stock Exchange were HK\$0.210 and HK\$0.465, respectively. The Scheme Consideration represents a premium of approximately 138.10% to the lowest closing price and a premium of approximately 7.53% to the highest closing price in the above period.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of investment holding. As at the date of this announcement, the Offeror directly holds 235,802,600 Shares (representing approximately 27.36% of the total number of issued Shares) and indirectly holds 170,104,452 Shares (representing approximately 19.74% of the total number of issued Shares), together representing approximately 47.10% of the total number of issued Shares and therefore is a controlling shareholder of the Company.

The Offeror is approximately 99.999% owned by Codo Development Limited, a company incorporated in Hong Kong with limited liability, and approximately 0.001% owned by Glad Season Investments Limited, a company incorporated in Hong Kong with limited liability. Below is the shareholding structure of Codo Development Limited as at the date of this announcement:

Shareholders	As at the date of this announcement	
	<i>Number of Shares</i>	<i>Approximate % of the total number of issued Shares</i>
Yik Wan Company Limited <i>(note 1)</i>	3,379,250	16.09%
Elegant Power Enterprises Limited <i>(note 2)</i>	1,757,000	8.37%
Keepsound Investments Limited <i>(note 3)</i>	5,263,366	25.06%
Friendchain Investments Limited <i>(note 3)</i>	6,352,500	30.25%
Cranswick Holdings Limited <i>(note 4)</i>	546,114	2.60%
Silver View Investment Limited <i>(note 5)</i>	350,000	1.67%
Individual shareholders <i>(note 6)</i>	3,351,770	15.96%
Total:	21,000,000	100.00%

Notes:

- (1) Yik Wan Company Limited was incorporated in Hong Kong and is owned directly and indirectly by several relatives of Mr. Kan Wai Wah, a non-executive Director. One of these shareholders of Yik Wan Company Limited is controlled by Ms. Law Kit Fong, Mr. Kan Wai Wah's mother who is an associate (as defined under the Takeovers Code) of Mr. Kan Wai Wah. The remaining shareholders are associates (as defined under the Listing Rules) of Mr. Kan Wai Wah. Each of these shareholders holds between 7.14% to 14.29% shareholding interests in Yik Wan Company Limited and does not own any Shares as at the date of this announcement.
- (2) Elegant Power Enterprises Limited was incorporated in Hong Kong and is owned as to 0.002% by Mr. Kan Wai Wah, a non-executive Director, and 99.998% by Ms. Law Kit Fong, Mr. Kan Wai Wah's mother who is an associate (as defined under the Takeovers Code) of Mr. Kan Wai Wah. Ms. Law Kit Fong does not own any Shares as at the date of this announcement.
- (3) Keepsound Investments Limited was incorporated in Hong Kong and is owned as to 94% by Saniwell Holding Inc., 2% by Fullwin Limited, 2% by Ms. Hui Tang Yee, Mr. Tang To's sister (an associate of Mr. Tang To as defined under the Takeovers Code) and 2% by several associates (as defined under the Listing Rules) of Mr. Tang To and Mr. Tang Yu, Freeman, both executive Directors. Save for Ms. Hui Tang Yee who owns 580,800 Shares, the individual shareholders of Keepsound Investments Limited do not own any Shares as at the date of this announcement.

Friendchain Investments Limited was incorporated in Hong Kong and is owned as to 57.42% by Saniwell Holding Inc., 40% by Elegant Power Enterprises Limited and 2.58% by Fullwin Limited.

Saniwell Holding Inc. is the trustee of The Saniwell Trust, the beneficiaries of which include Mr. Tang To, an executive Director, and certain of his family members. Fullwin Limited was incorporated in Liberia and is owned as to 50% by Mr. Tang To and 50% by his spouse.

- (4) Cranswick Holdings Limited was incorporated in Hong Kong and is owned by several associates (as defined under the Listing Rules) of Mr. Tang To and Mr. Tang Yu, Freeman, both executive Directors. The shareholders of Cranswick Holdings Limited do not own any Shares as at the date of this announcement.
- (5) Silver View Investment Limited was incorporated in Hong Kong and is owned by Independent Third Parties.

- (6) The individual shareholders of Codo Development Limited include several associates (as defined under the Listing Rules) of Mr. Tang To and Mr. Tang Yu, Freeman, both executive Directors, holding in aggregate 15.48% shareholding interests in Codo Development Limited, and an Independent Third Party, holding 0.48% shareholding interests in Codo Development Limited. Each individual shareholder holds between 0.48% to 4.24% shareholding interests in Codo Development Limited. Among the associates of Mr. Tang To and Mr. Tang Yu, Freeman, Mr. Tang Chi Tung, Mr. Tang To's cousin owns 40,315 Shares and Mr. Tang Woon Hang, Mr. Tang To's uncle owns 4,510 Shares as at the date of this announcement. The remaining individual shareholders of Codo Development Limited who are associates of Mr. Tang To and Mr. Tang Yu, Freeman do not own any Shares as at the date of this announcement.

Glad Season Investments Limited is owned as to 50% by Codo Development Limited and 50% by the Offeror (as trustee for Codo Development Limited) as at the date of this announcement.

INFORMATION ON THE COMPANY

The Company is an investment holding company incorporated in Hong Kong with limited liability. The principal activities of the Group are machinery manufacturing business, plastic products manufacturing and processing business, printed circuit board processing and trading business and industrial consumables trading business. As disclosed in the Company's interim results announcement dated 27 August 2020, the Company did not declare any dividend for the six months ended 30 June 2020. As at the date of this announcement, the Company has no intention to make, declare or pay any future dividends/distribution until after completion of the Proposal.

WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from the Effective Date.

The Scheme Shareholders will be notified by way of an announcement of the exact dates of the last day for dealing in the Shares and the dates on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the implementation of the Proposal will be included in the Scheme Document.

IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any of the Conditions has not been fulfilled or waived, as applicable, on or before the Long Stop Date. If the Scheme is not approved or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, announce an offer or possible offer for the Company, except with the consent of the Executive.

COSTS OF THE SCHEME

Pursuant to Rule 2.3 of the Takeovers Code, if the Scheme is not approved, and the Proposal is either not recommended by the Independent Board Committee or is not recommended as fair and reasonable by the Independent Financial Adviser, all costs and expenses incurred by the Company and the Offeror in connection with the Scheme will be borne by the Offeror.

OVERSEAS SHAREHOLDERS

The making and implementation of the Proposal to Scheme Shareholders who are not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable legal and regulatory requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any issue, transfer or other taxes due from such shareholder in such jurisdiction.

Any acceptance by the Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to the Offeror and the Company and their respective advisers, including Tonghai Capital, the financial adviser to the Offeror, that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror or the Company regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the Company or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, the Company will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

If any such waiver is granted by the Executive and subject to the consent of the Executive, the Offeror reserves the right to make arrangements in respect of Scheme Shareholders not resident in Hong Kong in relation to the terms of the Proposal. Such arrangements may include notifying any matter in connection with the Proposal to the Shareholders having a registered overseas address by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction within which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such Shareholders to receive or see that notice.

TAXATION ADVICE

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Proposal. It is emphasised that none of the Offeror, the Company, Tonghai Capital or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

DESPATCH OF THE SCHEME DOCUMENT

A Scheme Document including, among other things, further details of the Proposal, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the Independent Financial Adviser and notices of the Court Meeting and the EGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and applicable laws and regulations.

The Scheme Document will contain important information and the Scheme Shareholders are urged to read the Scheme Document carefully before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM.

DISCLOSURE OF DEALINGS

The respective associates of the Company and the Offeror (including persons who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror respectively) are hereby reminded to disclose their dealings in the securities of the Company under Rule 22 of the Takeovers Code during the offer period commencing on the date of this announcement.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

GENERAL

As at the date of this announcement:

- (a) other than the Scheme Consideration payable under the Scheme, the Offeror or the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (b) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror and the Offeror Concert Parties on one hand and the Scheme Shareholders and persons acting in concert with them on the other hand;
- (c) there is no understanding, arrangement or agreement which constituted special deal (as defined under Rule 25 of the Takeovers Code) between any Shareholder on one hand and the Company, its subsidiaries or associated companies on the other hand;
- (d) the Company has no intention to propose, declare or pay any dividends; nor the Scheme Consideration is subject to any dividend proposed, declared but not yet paid;
- (e) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or shares of the Offeror which might be material to the Proposal;
- (f) there is no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a Condition to the Proposal; and
- (g) neither the Offeror nor any of the Offeror Concert Parties has received any irrevocable commitment to vote for or against the Proposal.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 1:00 p.m. on Thursday, 3 December 2020 pending the release of this announcement. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Friday, 11 December 2020.

DEFINITIONS

In this announcement, the following terms have the meanings set out below, unless the context requires otherwise:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“associate”	has the meaning ascribed to it in the Takeovers Code
“Authorisations”	authorisations, approvals, permissions, waivers and consents and all registrations and filings (including without limitation any which are required or desirable under or in connection with any applicable laws or regulations or any licences, permits or contractual obligations of the Company) in connection with the Proposal or its implementation in accordance with its terms
“Board”	the board of Directors
“Company”	Cosmos Machinery Enterprises Limited (大同機械企業有限公司), a company incorporated in Hong Kong with limited liability, the ordinary shares of which are currently listed on the Main Board of the Stock Exchange (stock code: 118)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Condition(s)”	the condition(s) to the Proposal as set out in the section headed “Terms of the Proposal – Conditions of the Proposal” of this announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the High Court at which the Scheme will be voted upon, or any adjournment thereof
“Directors”	the directors of the Company
“Disinterested Shares”	has the meaning ascribed to it in section 674(3) of the Companies Ordinance
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance
“EGM”	an extraordinary general meeting of the Company to be held after the Court Meeting for the purpose of approving the reduction of the share capital of the Company and implementing the Scheme
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility Agreement”	the facility agreement entered into between Tonghai Finance as lender, the Offeror as borrower, and Mr. Tang To and Mr. Tang Yu, Freeman as guarantors dated 10 December 2020 in relation to the Loan Facility
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent board committee of the Company comprising Mr. Qu Jinping, being the non-executive Director, and Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei, being all the independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser to the Company, which will be appointed
“Independent Shareholder(s)”	Shareholder(s) other than the Offeror and the Offeror Concert Parties
“Independent Third Party(ies)”	independent third party who is not connected person (as defined in the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company
“Last Trading Date”	3 December 2020, being the last day on which Shares were traded on the Stock Exchange prior to the publication of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Facility”	The loan facility granted by Tonghai Finance to the Offeror for financing the consideration payable under the Proposal, which is secured by a charge over the Shares that are owned and will be owned by the Offeror under the Proposal
“Long Stop Date”	10 June 2021 (being the date falling six months after the date of this announcement), or such later date as may be agreed among the Offeror, the Company and Tonghai Finance or, to the extent applicable, as the Executive may consent and/or the High Court may direct

“Offeror”	Cosmos Machinery (Holdings) Limited (大同機械(控股)有限公司), a company incorporated in Hong Kong with limited liability, which is a controlling shareholder (as defined under the Listing Rules) of the Company
“Offeror Concert Party(ies)”	all persons acting in concert or presumed to be acting in concert with the Offeror under the Takeovers Code, including but not limited to Saniwell Holding Inc., Tai Shing Agencies Limited, Ginta Company Limited, Ms. Hui Tang Yee, Mr. Wong Yiu Ming, Mr. Kan Wai Wah, Mr. Tang To and his spouse, and Mr. Tang Yu, Freeman and his spouse
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of a scheme of arrangement
“Record Date”	the record date to be announced for determining entitlements of the Scheme Shareholders under the Scheme
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance
“Scheme”	a scheme of arrangement to be proposed under section 673 of the Companies Ordinance for the implementation of the Proposal
“Scheme Consideration”	the amount of HK\$0.500 per Scheme Share payable in cash to the Scheme Shareholders pursuant to the Scheme
“Scheme Document”	the composite scheme document of the Offeror and the Company containing, among other things, further details of the Proposal
“Scheme Share(s)”	Share(s) in issue on the Record Date, other than the Shares beneficially owned by the Offeror or the Offeror Concert Parties (except for Shares directly held by Ms. Hui Tang Yee, Mr. Wong Yiu Ming and Mr. Kan Wai Wah, each of them an Offeror Concert Party, which form part of the Scheme Shares)

“Scheme Shareholders”	the registered holders of the Scheme Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tonghai Capital”	China Tonghai Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the financial adviser to the Offeror in connection with the Proposal
“Tonghai Finance”	China Tonghai Finance Limited, a fellow subsidiary of Tonghai Capital and a registered money lender holding a valid money lenders license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Tonghai Securities”	China Tonghai Securities Limited, a fellow subsidiary of Tonghai Capital and a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

“trading day”	a day on which the Stock Exchange is open for the business of dealings in securities
“US”	United States of America
“%”	per cent

By order of the board of directors of
Cosmos Machinery (Holdings) Limited
CHUI Kwok Lau
Director

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

Hong Kong, 10 December 2020

As at the date of this announcement, the directors of the Offeror are Mr. Tang To, Mr. Tang Siu Fai, Mr. Tang Yu, Freeman, Mr. Tang Chi Tung, Mr. Chui Kwok Lau and Mr. Kan Wai Wah.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than any information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the Board comprises 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.