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**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**

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Cosmos Machinery Enterprises Limited (the “**Company**”) refers to the announcement dated 10 December 2020 jointly published by Cosmos Machinery (Holdings) Limited (the “**Offeror**”) and the Company (the “**Announcement**”) in relation to the Proposal. Unless otherwise specified, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Board announces that Yue Xiu Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the independent financial adviser (the “**Independent Financial Adviser**”) to advise the Independent Board Committee as to whether the Proposal is or is not fair and reasonable, and as to voting in respect of the Scheme at the Court Meeting and the Proposal at the EGM. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

The letter of advice of the Independent Financial Adviser to the Independent Board Committee and the recommendation of the Independent Board Committee in relation to the Proposal will be included in the Scheme Document to be issued to the Shareholders.

Shareholders and/or potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. This announcement is made in compliance with the Takeovers Code for the sole purpose of informing Shareholders of the fact that an independent financial adviser has been appointed to advise the Independent Board Committee. Shareholders and/or potential investors should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.

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

Hong Kong, 15 December 2020

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 and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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.