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INSIDE INFORMATION

PROFIT WARNING

This announcement is made by Cosmos Machinery Enterprises Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders and potential investors of the Company that, based on the preliminary review on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2022 and the information currently available to the Board, it is expected that there would be a deterioration in the operating results of the Group and is expected to record an unaudited consolidated profit of not more than HK\$5,000,000 for the six months ended 30 June 2022, as compared to an unaudited consolidated profit of approximately HK\$39,300,000 for the corresponding period in 2021. The expected decrease in profit was primarily attributable to the following reasons:

With a new wave of COVID-19 raging through Mainland China since the first quarter of 2022, strict quarantine measures and lockdown restrictions implemented in some of the cities have caused disruptions to the supply chain and manufacturing activities, affecting the Group and our customers. Moreover, some headwinds, such as reduction of orders intake and increase of production costs due to a rise in prices of key raw materials, have been persisting since the second half of 2021, which led to negative impact on the Group's businesses, especially machinery manufacturing business and printed circuit boards processing business. Both businesses are expected to record operating loss for the six months ended 30 June 2022.

The Company is still in the process of finalizing the unaudited consolidated interim results of the Group for the six months ended 30 June 2022. Hence, the information disclosed in this announcement only represents a preliminary assessment by the Board and the management of the Group based on the information currently available to them, which have not yet been reviewed by the audit committee of the Company. The unaudited consolidated interim results of the Group may differ from the information contained in this announcement which are subject to adjustments. Shareholders and potential investors of the Company are advised to read carefully the unaudited consolidated interim results announcement of the Group for the six months ended 30 June 2022, which is expected to be published in August 2022 in compliance with the requirements under the Listing Rules.

Shareholders and potential investors of the Company 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, 5 August 2022

As at the date of this announcement, the Board comprises seven Directors, of which two are executive Directors, namely Mr. Tang To and Mr. Tang Yu, Freeman, two are non-executive Directors, namely Mr. Kan Wai Wah and Mr. Qu Jinping, and three are independent non-executive Directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin and Mr. Huang Zhi Wei.