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PROFIT ALERT

This announcement is made by Cosmos Machinery Enterprises Limited (the “Company”, 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 Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company and potential investors that, based on a preliminary review of the consolidated management accounts of the Group, with the profit generated from the disposal of equity interest of an associate Hon Kiu Machine Factory Limited in July 2013, the Group is expected to record a profit attributable to shareholders for the year ended 31st December, 2013 as compared to the loss attributable to shareholders for the year ended 31st December, 2012. Details of the disposal have been disclosed in the announcements of the Company dated 10th April, 2013 and 5th July, 2013, as well as the circular of the Company dated 10th May, 2013 in accordance with the Listing Rules.

However, if such profits were not taken into account, the loss attributable to shareholders of the Group for the year ended 31st December, 2013 is expected to increase substantially as compared to the same for the year ended 31st December, 2012. The Board believes that such expected loss is mainly attributable to: (i) profit margins were reduced due to the rise in labour cost and fluctuation of raw materials prices; (ii) appropriate provisions were made for its machinery manufacturing business after particular production line and product line were discontinued. Nevertheless, the overall financial position and operations of the Group remain sound and healthy. The Board remains optimistic to the long term growth and development 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. The audited consolidated financial results of the Group for the year 2013 have not been finalized and are subject to confirmation with the auditors of the Company. Further details of the Group's performance will be disclosed in the final results announcement for the year ended 31st December, 2013, which is expected to be published in late March 2014.

Shareholders of the Company 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, 26th February, 2014

As at the date hereof, the Board comprises of eleven directors, of which four are executive directors, namely Mr. Tang To, Mr. Jiang Wei, Mr. Wong Yiu Ming and Mr. Tang Yu, Freeman; three are non-executive directors, namely Mr. Wu Ding, 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.