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DISCLOSEABLE TRANSACTION

THE SALE AND PURCHASE AGREEMENTS

On 28th March, 2014, the Purchaser and the Vendors entered into the Sale and Purchase Agreements, pursuant to which the Vendors agreed to sell to the Purchaser, and the Purchaser agreed to purchase from the Vendors the Sale Shares and Sale Loans at the aggregate consideration of HK\$30,440,550, which will be satisfied in cash by internal resources of the Group. Subsequent to the Completion, the Target Companies are obliged to settlement the remaining balance of an aggregate of HK\$64,327,200 for the acquisition of the Properties to the property developer.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition (together with subsequent settlement of the remaining balance for the acquisition of the Properties) exceeds 5% but does not exceed 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to reporting and announcement requirements under the Listing Rules.

The Acquisition is, in substance, a purchase of five adjacent property units, which are held by five different Target Companies, located in the same floor of a commercial building to be used as the headquarters of the Group.

THE SALE AND PURCHASE AGREEMENTS

Date: 28th March, 2014 (after trading hours of the Stock Exchange)

Parties

Purchaser: Happy Crowd Godown Limited, a wholly-owned subsidiary of the Company

	Yu Che Tor Stephen, Wong Chi Keung	Chan Siu Hing, Wong Chi Keung	Chan Siu Hing, Wong Chi Keung, Yu Che Tor Stephen	Wong Chi Keung, Ng Yuk Ip, Ada	Yu Che Tor Stephen, Chan Siu Hing
Vendors:					
Target Companies:	State Good Inc Limited	Triumph Time Inc Limited	Joint Easy Limited	Citron Holdings Limited	First Cosmos Limited
Properties:	Property A	Property B	Property C	Property D	Property E

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are Independent Third Parties.

Assets to be acquired

- (i) the Sale Shares, representing the entire issued shares of the Target Companies; and
- (ii) the Sale Loans, representing the deposit for the purchase of the Properties and as stamp duties held in escrow account maintained by a solicitor.

Certain other minor accounts payable to the Vendors amounted to HK\$127,583 will be assigned to the Purchaser upon Completion.

Consideration

The Consideration for the Sale Shares and Sale Loans is HK\$30,440,550. The consideration for each of the Target Companies and the payment terms of the Consideration are breakdown below:-

Target Companies	State Good Inc Limited HK\$	Triumph Time Inc Limited HK\$	Joint Easy Limited HK\$	Citron Holdings Limited HK\$	First Cosmos Limited HK\$	Total HK\$
Consideration	<u>8,805,950</u>	<u>5,323,850</u>	<u>4,131,350</u>	<u>5,355,650</u>	<u>6,823,750</u>	<u>30,440,550</u>
Refundable Deposit paid	800,000	800,000	800,000	800,000	800,000	4,000,000
Balance to be paid upon Completion	8,005,950	4,523,850	3,331,350	4,555,650	6,023,750	26,440,550

Subsequent to the Completion, the Target Companies are obliged to settle the remaining balance of an aggregate of HK\$64,327,200 for the acquisition of the Properties to the property developer. Such contractual obligations for each of the Target Companies are set out below:

Target Companies	State Good Inc Limited <i>HK\$</i>	Triumph Time Inc Limited <i>HK\$</i>	Joint Easy Limited <i>HK\$</i>	Citron Holdings Limited <i>HK\$</i>	First Cosmos Limited <i>HK\$</i>	Total <i>HK\$</i>
Remaining balance	18,608,800	11,250,400	8,730,400	11,317,600	14,420,000	64,327,200

Based on above, the total cost for the purchase of the Properties would be amounted to HK\$94,767,750, comprising the Consideration (HK\$30,440,550) and the remaining balance payment for the purchase of the Properties by the Target Companies (HK\$64,327,200).

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendors after taking into account the total cost for the purchase of the Properties of HK\$94,767,750 as compared to the valuation of the Properties of approximately HK\$95,350,000 in March 2014 conducted by an independent valuer, Jones Lang LaSalle. The Directors consider the Consideration and the total cost for the purchase of the Properties are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The total cost for the purchase of the Properties to be settled in cash will be satisfied by internal resources of the Group.

Completion

The Completion takes place on 28th March, 2014.

INFORMATION OF THE TARGET COMPANIES

Each of the Target Companies is an investment holding company. Each of them have entered into the sale and purchase agreement to purchase each of the five adjacent office property units located at Offices A-E on 10th Floor, Billion Plaza 2, No.10 Cheung Yue Street, Kowloon, with a gross floor area of approximately 3,323 square feet, 2,009 square feet, 1,559 square feet, 2,021 square feet and 2,575 square feet respectively.

Financial information on the Target Companies

The key unaudited combined financial figures of the Target Companies from the incorporation dates of the Target Companies to 14th March, 2014 are set out below:

	Period ended 14th March, 2014 HK\$
Net assets/(liabilities)	(122,983)
Net profit/(loss) before taxation and extraordinary items	(122,990)
Net profit/(loss) after taxation and extraordinary items	(122,990)

The aggregate commitment in respect of the balance purchasing cost of the Properties to be borne by the Target Companies amounts to approximately HK\$64.3 million.

The Target Companies will become wholly-owned subsidiaries of the Purchaser and the financial information of the Target Companies will be consolidated into the accounts of the Group upon Completion.

INFORMATION OF THE GROUP AND THE PURCHASER

The Group is principally engaged in (i) manufacturing and sale of plastic injection moulding machines, (ii) manufacturing, processing and sale of plastic products, (iii) trading of industrial consumables, and (iv) the printed circuit board business.

The Purchaser, a wholly-owned subsidiary of the Company, is principally engaged in the investment holding and holding of properties of the Group.

REASONS FOR THE ACQUISITION

Upon the Completion and subsequent completion of the purchase of the Properties by the Target Companies, the Group intends to use the Properties as the office for its operation in Hong Kong.

Since the rental contract of the Group's existing office will be expired in December 2014, the Acquisition will enable the Group to save future rental expenses and enhance the asset base of the Group.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Sale and Purchase Agreements are on normal commercial terms, fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

As the Acquisition will be financed by internal resources of the Group in cash, the Acquisition will not have any material financial effect on the consolidated balance sheet and profit and loss accounts of the Group.

IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Acquisition (together with subsequent settlement of the remaining balance for the acquisition of the Properties) exceeds 5% but does not exceed 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules and is therefore subject to reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Acquisition”	the acquisition of the Sale Shares and Sale Loans in accordance with the Sale and Purchase Agreements
“Board”	the board of Directors
“Company”	Cosmos Machinery Enterprises Limited, a company incorporated in Hong Kong with limited liability, whose securities are listed on the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreements
“Consideration”	the total consideration for the Acquisition, being HK\$30,440,550
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	a party and, if applicable, the ultimate beneficial owner of the party who is not fallen into the definition of connected persons of the Company under Chapter 14A of the Listing Rules and independent of the connected persons of the Company and their associates (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Purchaser”	Happy Crowd Godown Limited, a wholly-owned subsidiary of the Company
“Properties”	Property A, Property B, Property C, Property D and Property E
“Property A”	an office unit at Office A on 10th Floor, Billion Plaza 2, No.10 Cheung Yue Street, Kowloon
“Property B”	an office unit at Office B on 10th Floor, Billion Plaza 2, No.10 Cheung Yue Street, Kowloon
“Property C”	an office unit at Office C on 10th Floor, Billion Plaza 2, No.10 Cheung Yue Street, Kowloon
“Property D”	an office unit at Office D on 10th Floor, Billion Plaza 2, No.10 Cheung Yue Street, Kowloon
“Property E”	an office unit at Office E on 10th Floor, Billion Plaza 2, No.10 Cheung Yue Street, Kowloon
“Sale and Purchase Agreements”	the five sale and purchase agreements dated 28th March, 2014 entered into between the Purchaser and the Vendors in relation to the Acquisition
“Sale Loans”	unsecured and interest free loans of an aggregate amount of HK\$22,345,085 advanced by the Vendors to the Target Companies as deposit for the purchase of the Properties and as stamp duties held in escrow account maintained by a solicitor
“Sale Shares”	the entire issued shares of each of the Target Companies
“Shareholders”	holders of Shares
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	being State Good Inc Limited, Triumph Time Inc Limited, Joint Easy Limited, Citron Holdings Limited and First Cosmos Limited

“Vendor(s)” namely, Yu Che Tor Stephen, Wong Chi Keung, Chan Siu Hing and Ng Yuk Ip Ada

“%” per cent.

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

Hong Kong, 28th March, 2014

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