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PROFIT WARNING

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 the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 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 (the “**Shareholders**”) and the potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2014, the Group is expected to record an increase of approximately 35% in loss attributable to the equity holders of the Company when compared to that of the corresponding period in 2013.

Based on the relevant information currently available, the Board considers that such loss were mainly attributable to (i) the market demand of machineries in China had been slowing down in the first half of 2014, as a result of which the net loss of the machinery manufacturing segment increased significantly as compared to that for the corresponding period in 2013, which also substantially cancelled out the significant increase in operation profits (after minority interest) of the printed circuit board segment; and (ii) the increase in rent of office and staff cost at an aggregate amount of approximately HK\$3.5 million as compared to that for the corresponding period in 2013.

The Company is still in the process of finalizing the unaudited consolidated results of the Group for the six months ended 30 June 2014. 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 for the six months ended 30 June 2014 which are subject to finalization and adjustments and have not been confirmed, reviewed and audited by the auditor of the Company.

Further details of the Group's financial results and performance will be disclosed in the Company's unaudited interim results announcement which is expected to be published in late August 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
TANG To
Chairman

Hong Kong, 12 August, 2014

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