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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 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 consolidated management accounts of the Group for the financial year ended 31 December 2015, the Group expects to record an increase of over 30% in its loss attributable to equity shareholders of the Company for the financial year ended 31 December 2015 when compared to that of the corresponding period in 2014.

Based on the relevant information currently available, the Board considers that such loss were mainly attributable to an increase in operating costs in which including (i) an increase in provision for inventories at an aggregation amount of approximately HK\$6,000,000 as compared to that of corresponding period in 2014; and (ii) an increase in exchange loss of approximately HK\$19,000,000, upon translation of the RMB deposit held by the Group to Hong Kong Dollars as at 31 December 2015, as compared to that for the corresponding period in 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 financial year ended 31 December 2015. The audited consolidated financial results of the Group for the financial year ended 2015 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 financial year ended 31 December 2015, which is expected to be published in late March 2016.

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, 16 March, 2016

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.