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## **ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS**

### **CEASE OPERATION OF SUBSIDIARY**

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 the Securities on The Stock Exchange of the 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**”) would like to announce that it resolved to cease the operation of Dongguan MS Plastic Products Co. Limited (東莞明新塑膠製品有限公司) (the “**Subsidiary**”), a wholly-owned subsidiary of the Company. The Subsidiary was incorporated in The People’s Republic of China (the “**PRC**”) with principal business of plastic parts processing.

The Subsidiary suffered operating losses in the past few years. The Board believes that the cessation of operation of the Subsidiary is at the best interest of the shareholders of the Company. The Subsidiary will be wound up voluntarily pursuant to the laws and regulations of the PRC.

Based on the information currently available to the Board, as at the date of this announcement, it is estimated that the major expenses incurred for the cessation of operation is the compensation to be paid to the employees of the Subsidiary amounted to approximately RMB17 million. The total amount of expenses to be incurred will be assessed after completion of the winding up and is subject to auditor’s review. The Board believes that the winding up of the Subsidiary will not have material effect on the operation of the Group.

The information contained in the announcement is only based on the preliminary assessment by the Company's management according to the unaudited consolidated management accounts by the Group currently available which has not been confirmed or reviewed by the auditor of the Company. The Company will continue to evaluate the impact of the winding up of the Subsidiary. Further announcement will be made by the Company as and when required.

**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, 8 July 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.*