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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**”) would like 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 2016 (the “**Period**”), the Group expects to record an increase in loss attributable to the equity holders of the Company when compared to that of the corresponding period in 2015.

Based in the relevant information currently available, the Board considers that such loss were mainly attributable to (i) decrease in sales revenue, as a result of the slowdown of economy, in particular the manufacturing sector in Mainland China; (ii) slight decline in the gross profit which was affected by the adjustment of sales strategy to gain additional market share from key competitors; and (iii) the expenses incurred for the downsizing and restructuring of the Group’s operation, in particularly, the plastics products and processing segment during the period, including the cessation of operation of Dongguan MS Plastic Products Co. Limited, a wholly-owned subsidiary of the Company.

The Company is still in the process of finalizing the unaudited consolidated results of the Group for the six months ended 30 June 2016. The information contained in this announcement is only based on the preliminary assessment by the management with reference to the information currently available as aforesaid. Such information has not been audited or reviewed by the Company’s auditor and the actual results of the Group for the Period may be different from what is disclosed herein. Further details of the financial information of the Group for the Period will be published in due course pursuant to the requirements of the Listing Rules.

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.