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大同機械企業有限公司

**COSMOS MACHINERY ENTERPRISES LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 118)**

**CONNECTED TRANSACTION AT SUBSIDIARY LEVEL  
IN RELATION TO  
THE DISPOSAL OF ENTIRE EQUITY INTEREST  
IN THE TARGET COMPANY**

**THE DISPOSAL**

The Board is pleased to announce that, on 5 February 2026 (after trading hours), the Seller and the Purchaser entered into the Equity Interest Transfer Agreement, pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase the entire equity interest in the Target Company at the Consideration.

Upon Completion, the Group will cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Purchaser is a director of the Seller and also a director and the legal representative of the Target Company, and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that (i) all the applicable percentage ratios in respect of the Disposal exceed 0.1% but all are less than 5%; (ii) the Board has approved the Equity Interest Transfer Agreement and the transaction contemplated thereunder; and (iii) all independent non-executive Directors have confirmed that the terms of the Equity Interest Transfer Agreement are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **EQUITY INTEREST TRANSFER AGREEMENT**

The Board is pleased to announce that, on 5 February 2026 (after trading hours), the Seller (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Equity Interest Transfer Agreement pursuant to which the Seller has agreed to sell and the Purchaser has agreed to purchase the Equity Interest at the Consideration.

The principal terms of the Equity Interest Transfer Agreement are set out below:

### **Date**

5 February 2026

### **Parties**

- (i) The Seller; and
- (ii) the Purchaser.

### **Subject Matter**

The Seller has agreed to sell and the Purchaser has agreed to purchase the Equity Interest, representing the entire registered capital of RMB10,000,000 of the Target Company.

### **Consideration**

The Consideration payable for the sale and purchase of the Equity Interest is RMB4,649,502.49 and shall be paid in full by the Purchaser to the Seller by way of bank transfer within 30 days from the effective date of the Equity Interest Transfer Agreement.

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser on normal commercial terms after taking into account (i) the historical non-profitable position of the Target Company; (ii) the unaudited net asset value of the Target Company as at 31 December 2025; and (iii) the business prospects of the Target Company.

### **Completion**

Completion shall take place on the date of completing the relevant business registration change in the PRC in connection with the transfer and change in the ownership of the Equity Interest to that of the Purchaser as well as the Disposal (or such later date as, the parties may otherwise agree in writing).

Upon Completion, the Group will cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

## GENERAL INFORMATION

### The Group

The Group is principally engaged in the businesses of (i) manufacturing of machinery; (ii) machinery leasing; (iii) processing and manufacturing of plastic products; and (iv) trading of industrial consumables.

### The Seller

The Seller is a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal business is processing of plastic components for home appliances.

### The Purchaser

The Purchaser is a resident of the PRC, and a director of the Seller and also a director and the legal representative of the Target Company. Accordingly, the Purchaser is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

### Target Company

The Target Company is a company incorporated in in the PRC with limited liability, and is a direct wholly-owned subsidiary of the Seller and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. Its principal activity is trading of plastic raw materials.

### Financial information of the Target Company

Set out below is the financial information of the Target Company for the financial years ended 31 December 2025, 31 December 2024 and 31 December 2023:

	<b>For the financial year ended 31 December 2025</b> (unaudited) <i>RMB'000</i>	<b>For the financial year ended 31 December 2024</b> (audited) <i>RMB'000</i>	<b>For the financial year ended 31 December 2023</b> (audited) <i>RMB'000</i>
Loss before taxation	(2,272)	(1,981)	(2,411)
Loss after taxation	(2,272)	(1,981)	(2,411)

The unaudited net asset value of the Target Company was approximately RMB4,650,000 as at 31 December 2025.

## **EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS**

Upon Completion, the Group will cease to have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Company thereafter will no longer be consolidated in the financial statements of the Group.

It is expected that the Company would record a loss of approximately HK\$230,000 upon Completion. Such loss is estimated based on the Consideration less the net asset value and reclassification of translation reserve of the Target Company as at 31 December 2025. The actual gain or loss in connection with the Disposal will be assessed after Completion and is subject to audit.

The sale proceeds from the Disposal are intended to be used by the Group as general working capital and/or funding for any future investment opportunities that may arise.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

As the business operated by the Target Company is not the core business of the Seller and the Target Company has recorded losses for three consecutive years, the Board considers it is appropriate for the Group to proceed with the Disposal in order to reduce the operating risks associated with the Target Company's ongoing losses and focus on the Seller's main business.

As the Disposal is being carried out after arm's length negotiation and on normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Interest Transfer Agreement are fair and reasonable and that the Disposal is on normal commercial terms and in the interests of the Company and Shareholders as a whole.

None of the Directors (including the independent non-executive Directors) has a material interest in the Equity Interest Transfer Agreement, and none of the Directors has abstained from voting on the relevant Board resolutions.

## **LISTING RULES IMPLICATIONS**

The Purchaser is a director of the Seller and also a director and the legal representative of the Target Company, and hence a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that (i) all the applicable percentage ratios in respect of the Disposal exceed 0.1% but all are less than 5%; (ii) the Board has approved the Equity Interest Transfer Agreement and the transaction contemplated thereunder; and (iii) all independent non-executive Directors have confirmed that the terms of the Equity Interest Transfer Agreement are fair and reasonable, and that the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the Disposal is only subject to the reporting and announcement requirements, and is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Board”	the board of Directors of the Company;
“Company”	Cosmos Machinery Enterprises Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 118);
“Completion”	completion of the Disposal in accordance with the Equity Interest Transfer Agreement;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules;
“Consideration”	the consideration payable for the Equity Interest under the Equity Interest Transfer Agreement, being RMB4,649,502.49;
“Directors”	directors of the Company;
“Disposal”	the sale and purchase of the Equity Interest pursuant to the terms of the Equity Interest Transfer Agreement;
“Equity Interest”	the entire equity interest in the Target Company held by the Seller, representing the entire registered capital of RMB10,000,000 of the Target Company, which was fully paid up as at the date of signing of the Equity Interest Transfer Agreement;
“Equity Interest Transfer Agreement”	the Equity Interest Transfer Agreement entered into between the Seller and the Purchaser on 5 February 2026;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macao Special Administrative Region and Taiwan;
“Purchaser”	Mr. Diao Junde, a resident of the PRC, and a director of the Seller and also a director and the legal representative of the Target Company;
“RMB”	Renminbi, the lawful currency of the PRC;

“Seller”	Cosmos Grand Plastics Co., Ltd. ( 合肥大同格蘭塑業有限公司) , a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Share(s)”	ordinary share(s) of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules;
“Target Company”	合肥格蘭美新材料有限公司, a company incorporated in the PRC with limited liability; and
“%”	percent.

By order of the Board  
**Cosmos Machinery Enterprises Limited**  
**TANG To**  
*Chairman*

Hong Kong, 5 February 2026

*As at the date of this announcement, the Board comprises six Directors, of which two are executive Directors, namely Mr. Tang To and Mr. Tang Yu, Freeman, one is non-executive Director, namely Mr. Kan Wai Wah, and three are independent non-executive Directors, namely Ms. Yeung Shuk Fan, Mr. Lam Kwok Ming and Mr. Lee Wai Yip, Alvin.*