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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Cosmos Machinery Enterprises Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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**MAJOR AND CONNECTED  
TRANSACTION IN RELATION TO DISPOSAL OF  
THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

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Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context otherwise requires.

A letter from the Board is set out on pages 4 to 15 of this circular.

The Disposal has been approved by written shareholders’ approval obtained from the Closely Allied Group, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. Accordingly, no general meeting will be convened for the purpose of approving the Disposal. This circular is being despatched to the Shareholders for information only.

24 September 2026

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## DEFINITIONS

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*In this circular, the following expressions shall have the following meanings unless the context otherwise requires:*

|                                        |                                                                                                                                                                                                                                                                                    |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Administration for Market Regulation” | the competent administration for market regulation (市場監督管理總局) in the PRC;                                                                                                                                                                                                          |
| “associate”                            | has the meaning ascribed thereto in the Listing Rules;                                                                                                                                                                                                                             |
| “Board”                                | the board of Directors of the Company;                                                                                                                                                                                                                                             |
| “Closely Allied Group”                 | a closely allied group of the Shareholders, comprising Mr. Tang To and his associates;                                                                                                                                                                                             |
| “Codo”                                 | Codo Development Limited, a company incorporated in Hong Kong with limited liability;                                                                                                                                                                                              |
| “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 Sale and Purchase Agreement;                                                                                                                                                                                                     |
| “Completion Date”                      | 21 August 2026, being the business day on which the last of the condition precedent to the Disposal (except such conditions which are expressed to be satisfied on or as at Completion) are satisfied or waived (or another day as the Seller and Purchaser may agree in writing); |
| “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 entire equity interest in the Target Company under the Sale and Purchase Agreement, being RMB48,000,000 (approximately HK\$55,248,000);                                                                                                          |
| “Cosmos Holdings”                      | Cosmos Machinery (Holdings) Limited, a company incorporated in Hong Kong with limited liability;                                                                                                                                                                                   |
| “Director(s)”                          | director(s) of the Company;                                                                                                                                                                                                                                                        |
| “Disposal”                             | the sale and purchase of the entire equity interest in the Target Company pursuant to the terms of the Sale and Purchase Agreement;                                                                                                                                                |

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## DEFINITIONS

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|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Fullwin”                     | Fullwin Limited, a company incorporated in the Republic of Liberia with limited liability;                                                                                                                   |
| “Ginta”                       | Ginta Company Limited, a company incorporated in Hong Kong with limited liability;                                                                                                                           |
| “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;                                                                                                                                                      |
| “Hung Cheong”                 | Hung Cheong Realty Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of Cosmos Holdings;                                              |
| “Latest Practicable Date”     | 21 September 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;                                                           |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange;                                                                                                                                         |
| “Mr. Diao”                    | Mr. Diao Junde, a resident of the PRC, the sole shareholder, director and the legal representative of the Purchaser, and a director of the Target Company as of the Latest Practicable Date;                 |
| “PRC”                         | the People’s Republic of China, excluding, for the purposes of this circular, Hong Kong, the Macao Special Administrative Region and Taiwan;                                                                 |
| “Property”                    | the property held by the Target Company, an industrial complex located at Lot No. NG8-3 West of Shuangtang Road, Nangang Science and Technology Park, Shushan District, Hefei City, Anhui Province, the PRC; |
| “Purchaser”                   | 合肥格蘭美新材料有限公司, a company incorporated in the PRC with limited liability;                                                                                                                                      |
| “RMB”                         | Renminbi, the lawful currency of the PRC;                                                                                                                                                                    |
| “Sale and Purchase Agreement” | the sale and purchase agreement entered into between the Seller and the Purchaser on 13 August 2026;                                                                                                         |
| “Saniwell”                    | Saniwell Holding Inc., a company incorporated in the Cook Islands with limited liability;                                                                                                                    |

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## DEFINITIONS

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|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Seller”           | Grand Technology Products Limited 格蘭科技產品有限公司, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company as of the Latest Practicable Date;                                                                                |
| “SFO”              | Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);                                                                                                                                                                                                          |
| “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;                                                                                                                                                                                                                            |
| “Tai Shing”        | Tai Shing Agencies Limited, a company incorporated in the British Virgin Islands with limited liability;                                                                                                                                                                          |
| “Target Company”   | 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 prior to Completion;                                                                                               |
| “Valuation Report” | the valuation report dated 24 September 2026 prepared by the Valuer in respect of the market valuation of the Property, prepared in compliance with the requirements as set out in Chapter 5 of the Listing Rules;                                                                |
| “Valuer”           | Roma Appraisals Limited, being the independent property valuer engaged by the Company for the valuation of the Property. It is a professional valuer firm which is a wholly-owned subsidiary of Langu Company Limited (Stock Code: 8072) listed on GEM of the Stock Exchange; and |
| “%”                | percent.                                                                                                                                                                                                                                                                          |

\* For identification purposes only

*For the purpose of this circular, unless otherwise specified, the conversion of RMB into HK\$ is based on the exchange rate of approximately RMB1.00 to HK\$1.151. All exchange rates referred to in this circular are adopted for illustration purposes only and do not constitute a representation that any amounts have been, could have been, or may be, exchanged at those rates or any other rates at all.*

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Tang To (*Chairman*)

Mr. Tang Yu, Freeman (*Chief Executive Officer*)

*Independent Non-executive Directors:*

Ms. Yeung Shuk Fan

Mr. Lam Kwok Ming

Mr. Lee Wai Yip, Alvin

*Registered Office:*

10th Floor, Billion Plaza 2

No. 10 Cheung Yue Street

Cheung Sha Wan

Kowloon, Hong Kong

24 September 2026

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY**

#### **1. INTRODUCTION**

Reference is made to the announcement of the Company dated 13 August 2026 in relation to the Sale and Purchase Agreement and the Disposal contemplated thereunder.

The purpose of this circular is to provide you with, among other things, (i) details of the Sale and Purchase Agreement and the Disposal; (ii) financial information of the Group; (iii) the Valuation Report prepared by the Valuer in respect of the Property held by the Target Company; and (iv) other information as required under the Listing Rules.

#### **2. SALE AND PURCHASE AGREEMENT**

On 13 August 2026 (after trading hours), the Seller (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Sale and Purchase Agreement, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase, the entire equity interest in the Target Company at the Consideration.

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## LETTER FROM THE BOARD

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The principal terms of the Sale and Purchase Agreement are set out below:

### **Date**

13 August 2026

### **Parties**

- (i) The Seller;
- (ii) the Purchaser; and
- (iii) Mr. Diao as the Purchaser's guarantor.

### **Subject Matter**

The Seller agreed to sell, and the Purchaser agreed to purchase, the entire equity interest of the Target Company.

Prior to Completion, the Target Company was 100% owned by the Seller, which is an indirect wholly-owned subsidiary of the Company.

### **Condition Precedent**

Save for the Seller's obligation to return the earnest money, the Seller's obligation in connection with the Disposal under the Sale and Purchase Agreement is conditional upon the obtaining of all necessary consents and approvals under the Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated therein.

Under the Sale and Purchase Agreement, if the condition precedent is not satisfied within a month of the date of the Sale and Purchase Agreement, or such other period as the Seller and the Purchaser may agree, the Sale and Purchase Agreement shall terminate automatically. The Seller shall return the earnest money to the Purchaser in full and without interest, and neither party may claim against the other.

On 18 August 2026, the Company obtained a written approval for the Sale and Purchase Agreement and the Disposal contemplated thereunder from the Closely Allied Group, and the condition precedent has been satisfied.

### **Earnest Money**

Within seven business days of the date of the Sale and Purchase Agreement, the Purchaser shall pay into the Seller's designated onshore PRC account earnest money in the amount of RMB15,000,000, equivalent to approximately HK\$17,265,000. The Seller has received the earnest money on 17 August 2026.

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## LETTER FROM THE BOARD

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Under the terms of the Sale and Purchase Agreement, the earnest money shall be refunded without interest to the Purchaser (i) if the condition precedent is not satisfied in accordance with the Sale and Purchase Agreement (see section headed “*Condition Precedent*” above), or (ii) within three business days after the first instalment of the Consideration is received by the Seller. On 17 September 2026, the Seller has received the first instalment of the Consideration (for further details, please refer to the section headed “*Consideration*” below), and has refunded the earnest money in full to the Purchaser in accordance with the terms of the Sale and Purchase Agreement.

### **Consideration**

The Consideration payable for the Disposal is RMB48,000,000, equivalent to approximately HK\$55,248,000, to be paid by the Purchaser to the Seller’s designated offshore account in the following manner:

- (a) a first instalment of RMB14,400,000, equivalent to approximately HK\$16,574,000, net of any tax paid by the Purchaser on the Seller’s behalf, shall be paid after the Purchaser has completed registration with the relevant Administration for Market Regulation in the PRC and satisfaction of the foreign exchange requirements in connection with the equity transfer; and
- (b) the second instalment, in the sum of RMB33,600,000, equivalent to approximately HK\$38,674,000, shall be paid within three months after the Purchaser has completed registration with the relevant Administration for Market Regulation in the PRC for the equity transfer.

The first instalment of the Consideration was received by the Seller on 17 September 2026. The Consideration was determined after arm’s length negotiations between the Seller and the Purchaser after taking into account (i) the appraised fair market value of the Target Company as at 30 June 2026; (ii) the unaudited net asset value of the Target Company as at 30 June 2026; (iii) the foreseeable non-profitable position of the Target Company due to the imminent end of a favorable government subsidy scheme and the fact that the Target Company materially relies on a single customer (for further details please refer to the section headed “*Reasons for and Benefits of the Disposal*” in this circular); (iv) the estimated potential costs to wind up the Target Company in the amount of between RMB23,000,000 and RMB24,000,000 (equivalent to approximately HK\$26,473,000 to HK\$27,624,000), based on, among other things, the number of the Target Company’s employees (as at 30 June 2026, 407 employees); and (v) the business prospects of the Target Company and its lack of continued synergy with the Group’s business.

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## LETTER FROM THE BOARD

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### **Guarantee**

Mr. Diao, as the Purchaser's guarantor, has agreed to guarantee the performance of the obligations of the Purchaser under the Sale and Purchase Agreement for two years from the last date by which the second instalment of the Consideration is paid.

### **Completion**

Under the Sale and Purchase Agreement, Completion shall take place within seven days of the satisfaction of the condition precedent. Completion took place on 21 August 2026. Following Completion, the Group has ceased to hold any interest, directly or indirectly, in the Target Company, and the Target Company has ceased to be a subsidiary of the Company.

## **3. GENERAL INFORMATION**

### **The Group**

The Group is principally engaged in the business 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 Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. Its principal business is investment holding.

### **The Purchaser**

The Purchaser is a company incorporated in the PRC with limited liability, and is wholly-owned by Mr. Diao as at the Latest Practicable Date. Its principal activity is the trading of plastic raw materials. On 5 February 2026, the Target Company, as vendor, disposed of the Purchaser to Mr. Diao, as purchaser, and completion took place on 12 February 2026.

### **Target Company**

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

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## LETTER FROM THE BOARD

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### The Purchaser's guarantor

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

### Financial information of the Target Company<sup>(Note)</sup>

Set out below is the financial information of the Target Company based on the unaudited financial statements of the Target Company for the financial years ended 31 December 2024 and 31 December 2025.

|                                                   | For the financial<br>year ended<br>31 December 2024<br>(unaudited)<br>HK\$'000 | For the financial<br>year ended<br>31 December 2025<br>(unaudited)<br>HK\$'000 |
|---------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Profit before taxation and<br>extraordinary items | 6,694                                                                          | 2,044                                                                          |
| Profit after taxation and<br>extraordinary items  | 6,694                                                                          | 1,292                                                                          |

The unaudited net assets value and the fair value of the entire equity interest in the Target Company were approximately HK\$88,431,000 as at 30 June 2026. For each of the years ended 31 December 2024 and 2025, the Target Company has received governmental subsidies in the amount of approximately RMB3,594,000 (or approximately HK\$3,937,000) and RMB2,922,000 (or approximately HK\$3,189,000) respectively, through additional deductibles on applicable value-added tax (VAT) pursuant to the “*Announcement on the VAT Additional Deduction Policy for Advanced Manufacturing Enterprises*” (Announcement No. 43 of the Ministry of Finance and the State Taxation Administration) (《關於先進製造業企業增值稅加計抵減政策的公告》(財政部稅務總局公告2023年第43號)).

*Note: In this section, the conversion of RMB into HK\$ is based on the exchange rates of approximately RMB1.00 to HK\$1.095 for the year ended 31 December 2024, and approximately RMB1.00 to HK\$1.091 for the year ended 31 December 2025. These exchange rates are adopted in accordance with the accounting records of the Target Company.*

## 4. INFORMATION OF THE PROPERTY

The Property comprises an industrial complex located at Lot No. NG8-3 West of Shuangtang Road, Nangang Science and Technology Park, Shushan District, Hefei City, Anhui Province, the PRC.

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## LETTER FROM THE BOARD

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The Property comprises seven buildings and various ancillary structures erected on a parcel of land with a site area of approximately 32,000.71 sq.m.. The Property has a total gross floor area of approximately 26,187.05 sq.m.. As of the date of the Valuation Report, the Property was occupied by the Target Company and used as its workshop, office and staff quarters. The land use rights of the Property were granted for a term due to expire on 17 June 2061 for industrial use.

In compliance with Chapter 5 of the Listing Rules, the Group commissioned the Valuer to prepare a valuation on the Property. The property valuation report and the valuation certificate of the Property are set out in Appendix II to this circular.

Based on the Valuation Report, as at 30 June 2026, the Property is valued at approximately RMB47,120,000 (as against a book value of approximately RMB41,141,000), with no commercial value being attributed to buildings with a total gross floor area of approximately 5,649.95 sq.m. due to the absence of proper title certificate. In valuing the Property, the Valuer adopted the depreciated replacement cost approach (the “**DRC Approach**”) instead of the direct comparison method. The DRC Approach is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures, less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The DRC Approach was adopted for the Valuation as there are no readily identifiable market comparables, due to the specific purpose for which most of the buildings and structures of the Property have been constructed.

In the course of the valuation, the Valuer carried out enquiries and information gathering considered necessary to form an opinion of market value of the Property as at 30 June 2026 (including a review of copies/extracts of title documents, advice from the Group’s legal adviser in the PRC, and carrying out an on-site inspection of the Property), and the key inputs and limitations of the valuation are set out in the Valuation Report appended in Appendix II of this circular. The Valuer has also complied with the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council for the Valuation, and adopted the following principal assumptions:

- the Property is sold in the market in its existing state, without the benefit of any deferred term contracts, leasebacks, joint ventures, management agreements or similar arrangements which would affect the value of the Property, and no account has been taken of any option or right of pre-emption or of any sale in one lot or to a single purchaser;
- the Group has valid and enforceable title to the Property which is freely transferable, and has free and uninterrupted right to use the Property for the whole of the unexpired term granted, and all annual government rent/land use fees and all requisite land premium/purchase consideration have been fully settled;

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## LETTER FROM THE BOARD

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- the site and floor areas shown in the documents provided to the Valuer are correct; and
- the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value, and no allowance has been made for any charges, mortgages or amounts owing on the Property or for any expenses or taxation which may be incurred in effecting a sale.

Having discussed the scope of work, information sources, methodology, assumptions and limitations of the Valuation Report with the Valuer, the Directors considered that (i) it is reasonable for the Valuer to adopt the DRC Approach in view of the lack of market comparables for the buildings on the Property; (ii) the assumption as to sale of the Property in the existing state without any leaseback, joint venture or similar arrangement is consistent with the state of the Property and the manner in which the Disposal is being effected; (iii) the title assumption is supported by the legal opinion issued by the Group's PRC legal adviser; and (iv) the assumptions regarding areas and the absence of onerous encumbrances are consistent with information within the Group's records and knowledge. On this basis, the Directors took the view that the principal bases and assumptions used by the Valuer to arrive at the valuation of the Property are fair, reasonable and appropriate for the purposes of the Valuation Report.

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

Following Completion, the Group has ceased to have any interest in the Target Company. The Target Company has ceased 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\$34,832,000 following the Completion. Such loss is estimated after taking into account (i) the Consideration; (ii) the unaudited net asset value of the Target Company as at 30 June 2026; (iii) all relevant expenses incidental to the Disposal; and (iv) reclassification of translation reserve of the Target Company as at 30 June 2026. The actual gain or loss in connection with the Disposal will be assessed in due course following Completion and is subject to audit.

The expenses incidental to the Disposal are estimated at approximately HK\$3,336,000 in aggregate, comprising tax expenses, fees for valuation, audit and legal services and costs charged by the financial printer and the Company's share registrar. In addition, the accumulated translation reserve of the Target Company as at 30 June 2026, being a credit balance of approximately HK\$1,687,000, will be reclassified from equity to profit or loss, which has the effect of reducing the estimated loss on the Disposal.

The financial effect of the Disposal as set out in the foregoing paragraphs is presented for illustrative purpose only, and is subject to audit. The actual financial effect will be assessed in due course following Completion.

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## LETTER FROM THE BOARD

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The sale proceeds from the Disposal are intended to be used by the Group to fund future investment opportunities that may arise within 12 months from Completion. To the extent any part of the sale proceeds remains unutilised for such purposes after the 12-month period, it is intended to be applied as general working capital of the Group. While the Group has no plans as of the date of this circular as to how the proceeds would be used ultimately, the Board expects it to be likely that such proceeds would be used to fund capital investments or other expenses in connection with the Group's manufacturing of machinery business.

### 6. REASONS FOR AND BENEFITS OF THE DISPOSAL <sup>(Note)</sup>

As disclosed in the Company's annual report for the year ended 31 December 2025, competition in the PRC's home appliance industry continued to intensify, affecting the Target Company's business. Although the central government had introduced a series of "trade-in" subsidy policies that stimulated short-term sales in home appliances, overall sales volumes had failed to maintain growth momentum. The home appliance value chain faced intense pressure as powerful brands successively entered the "white-goods" home appliance industry.

The above factors combined with the sluggish end-market demand in the domestic home appliance industry, as well as the trend of consumption downgrading and normalised price wars, has exerted long-term pressure on the Target Company's profit margins. For the year ended 31 December 2025, the Target Company had only managed to record a gross profit margin of 5.2%, as compared to the Group's overall gross profit margin of 18.8% over the same period. Although the Target Company's management has optimised production processes and intelligent management to reduce labour costs and waste, the sharp rise in plastic raw material prices in the first half of 2026 has further squeezed profitability.

The Target Company is a plastic component processing plant for household appliances, and its mono-processing business model lacks sustainable growth prospects under the aforementioned headwinds, as reflected by the declining profit recorded by the Target Company in the three preceding years. The Board had also considered the following factors in favour of disposing the Target Company:

- **Upcoming end of VAT deduction policy:** As disclosed in the section headed "*Financial information of the Target Company*" above, the Target Company has enjoyed governmental subsidies (in the form of VAT deductions) in the amount of approximately RMB3,594,000 (approximately HK\$3,937,000) and RMB2,922,000 (approximately HK\$3,189,000), respectively, for the years ended 31 December 2024 and 2025. While the VAT deductions have contributed positively to the Target Company's financial performance, the relevant VAT deduction policy is slated to end in 2027. The Target Company's financial performance is expected to be negatively impacted without such subsidies.

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## LETTER FROM THE BOARD

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- **Target Company's reliance on a single customer:** The business of the Target Company is heavily reliant on a single customer, which had contributed to more than half of the Target Company's revenue for each of the years ended 31 December 2024 and 2025. The Target Company's high-level of reliance on a single source of revenue risks the stability and sustainability of its business, and leaves the Target Company with no or very little leverage in any discussions on pricing with that customer. The Board considered that this would continue to limit the Target Company's profitability in the future.
- **The remaining useful life of Target Company's equipment:** As of 30 June 2026, based on the original acquisition cost of the Target Company's equipment: (i) approximately 67% of such equipment is recorded as having no further useful life (i.e. has been fully depreciated), and (ii) over 77% of such equipment is recorded as having a useful life of 3 years or less.

Additionally, the Group has taken into account the lack of continued synergy between the Target Company's business with the Group's business due to a lack of vertical integration and cross-selling potential between the customers of the Target Company and other customers of the Group, the potential costs and managerial time required to wind up the Target Company, as well as the limited level of interest from third parties in acquiring the Target Company's business due to the factors noted above (as opposed to the Purchaser who has an existing foundation in the business operated by the Target Company). In view of the factors noted above, the Group has decided to dispose of the Target Company to allow the Group to reallocate its resources toward other business segments with growth potential, enhancing the Group's overall competitiveness. Following Completion, the Group will have no further operations in the processing of plastic components for home appliances, but will remain in the plastic products processing and manufacturing business through its operations in the processing of plastic food packaging and manufacturing of mannequins and display items.

The Directors (including all the independent non-executive Directors) consider that although the Disposal is not in the ordinary and usual course of business of the Group, the terms and conditions for the Disposal are on normal commercial terms, fair and reasonable, and are in the interest of the Company and the Shareholders as a whole, and that the Disposal will not have any material adverse impact on the Group's operations and financial position. None of the Directors (including the independent non-executive Directors) has a material interest in the Sale and Purchase Agreement, and none of the Directors has abstained from voting on the relevant Board resolutions.

*Note: In this section, the conversion of RMB into HK\$ is based on the exchange rates of approximately RMB1.00 to HK\$1.095 for the year ended 31 December 2024, and approximately RMB1.00 to HK\$1.091 for the year ended 31 December 2025. These exchange rates were adopted in accordance with the accounting records of the Target Company.*

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## LETTER FROM THE BOARD

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### 7. LISTING RULES IMPLICATIONS

Reference is made to the connected transaction announcements of the Company dated 5 February 2026 and 13 February 2026 in relation to the Group's sale of the Purchaser to Mr. Diao. On 5 February 2026, the Target Company (as the vendor) and Mr. Diao (as the purchaser) entered into an equity interest transfer agreement, pursuant to which the Target Company agreed to sell and Mr. Diao agreed to purchase the entire equity interest in the Purchaser (then a member of the Group), at a consideration of RMB4,649,502.49. Completion of the sale and purchase of the Purchaser took place on 12 February 2026. Mr. Diao was, at that time, a director of the Target Company and also a director and the legal representative of the Purchaser, and the transaction constituted a connected transaction of the Company under Chapter 14A of the Listing Rules. For further information, please refer to the announcements of the Company dated 5 February 2026 and 13 February 2026.

As the prior connected transaction and the current Disposal were entered into with related parties within a 12-month period and are related in nature, these transactions are aggregated pursuant to Rules 14.22 and 14.23 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the director of the Target Company, Mr. Diao, wholly-owns and is also the director and legal representative of the Purchaser, therefore the Purchaser is an associate of Mr. Diao and 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) the Purchaser is a connected person of the Company at the subsidiary level; (ii) the Board has approved the Sale and Purchase Agreement; and (iii) each independent non-executive Director has confirmed that the terms of the Sale and Purchase 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 Rule 14A.101 of the Listing Rules.

Nonetheless, as one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but all of them are less than 75%, taking into account the aggregation of a prior connected transaction pursuant to Rules 14.22 and 14.23 of the Listing Rules, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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## LETTER FROM THE BOARD

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### 8. WRITTEN SHAREHOLDERS' APPROVAL

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Disposal. As such, no Shareholders would be required to abstain from voting at a general meeting of the Company approving the Disposal if the Company were to convene such a general meeting. Accordingly, written Shareholders' approval (from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting) may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

As at the Latest Practicable Date, the Closely Allied Group is entitled to exercise voting rights in respect of 450,813,463 Shares (representing approximately 52.30% of the total number of issued Shares) as follows:

| Name of Shareholder                       | Number of<br>Shares held  | Approximate % of<br>the total number of<br>issued Shares <i>(Note 1)</i> |
|-------------------------------------------|---------------------------|--------------------------------------------------------------------------|
| Tang To                                   | 4,970,005                 | 0.57                                                                     |
| Tang To and Leung Yee Mei <i>(Note 2)</i> | 226,000                   | 0.03                                                                     |
| Ginta <i>(Note 3)</i>                     | 3,460,406                 | 0.40                                                                     |
| Saniwell <i>(Note 4)</i>                  | 36,250,000                | 4.20                                                                     |
| Cosmos Holdings <i>(Note 5)</i>           | 235,802,600               | 27.36                                                                    |
| Tai Shing <i>(Note 5)</i>                 | 170,104,452               | 19.74                                                                    |
| <b>Total:</b>                             | <b><u>450,813,463</u></b> | <b><u>52.30</u></b>                                                      |

Notes:

- Percentages are rounded to two decimal points.
- Ms. Leung Yee Mei is the spouse of Mr. Tang To.
- Ginta is approximately 99.999% owned by Fullwin, which in turn is owned as to 50% by Mr. Tang To and 50% by his spouse respectively.
- Saniwell is the trustee of The Saniwell Trust, the beneficiaries of which include Mr. Tang To and certain of his family members, and Saniwell in turn is owned as to approximately 57.14% by Mr. Tang To.
- Cosmos Holdings is a subsidiary, and Tai Shing is an indirect subsidiary, of Codo. Codo is owned as to approximately (i) 31.42% by Keepsound Investments Limited (a company incorporated in Hong Kong, "Keepsound"), which is owned as to 94% by Saniwell; and (ii) 37.92% by Friendchain Investments Limited (a company incorporated in Hong Kong, "Friendchain"), which is owned as to approximately 57.42% by Saniwell.

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## LETTER FROM THE BOARD

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On 18 August 2026, the Company has obtained a written approval for the Sale and Purchase Agreement and the Disposal contemplated thereunder from the Closely Allied Group. Accordingly, no extraordinary general meeting will be convened to approve the Disposal as permitted under Rule 14.44 of the Listing Rules.

### 9. RECOMMENDATION

For the reasons set out above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder (including the Disposal) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and would recommend the Shareholders to vote in favour of the Disposal if it had been necessary to hold a general meeting for such purpose.

### 10. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Cosmos Machinery Enterprises Limited**  
**TANG To**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for each of the three years ended 31 December 2023, 2024 and 2025 was disclosed in the annual reports of the Company for the years ended 31 December 2023, 2024 and 2025, respectively, all of which are incorporated by reference into this circular. All of the abovementioned annual reports can be found on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.cosmel.com>).

The following is the hyperlink to the 2023 annual report of the Company published on 25 April 2024, with its audited consolidated financial statements for the year ended 31 December 2023 on pages 112 to 248:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042500582.pdf>

The following is the hyperlink to the 2024 annual report of the Company published on 25 April 2025, with its audited consolidated financial statements for the year ended 31 December 2024 on pages 115 to 256:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0425/2025042500927.pdf>

The following is the hyperlink to the 2025 annual report of the Company published on 27 April 2026, with its audited consolidated financial statements for the year ended 31 December 2025 on pages 149 to 288:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0427/2026042700624.pdf>

The following is the hyperlink to the Company's announcement of interim results for the six months ended 30 June 2026 published on 26 August 2026, with its unaudited condensed consolidated financial statements for the six months ended 30 June 2026 on pages 2 to 11:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0826/2026082600606.pdf>

**2. STATEMENT OF INDEBTEDNESS****Borrowings**

At the close of business on 31 July 2026, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group had (i) secured and guaranteed interest-bearing borrowings from financial institutions of approximately HK\$41,359,000; (ii) unsecured and guaranteed interest-bearing borrowings from financial institutions of approximately HK\$117,057,000; and (iii) lease liability of approximately HK\$5,790,000. These borrowings are denominated in HKD and RMB. Save as disclosed above, the Group did not have any other borrowings, whether secured or unsecured, as at the close of business on 31 July 2026.

**Pledge of assets**

As at close of business on 31 July 2026, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group had pledged the assets with carrying amounts of approximately HK\$62,212,000 to secure general banking facilities.

**Lease liabilities**

The Group measures the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates. At the close of business on 31 July 2026, being the latest practicable date for the purpose of this indebtedness statement prior to printing of this circular, the Group had lease liabilities of approximately HK\$5,790,000.

**Guarantee**

The Group did not have any debt securities issued and outstanding or authorised or otherwise created but unissued, outstanding mortgages, charges, term loans and overdrafts, hire purchase commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits, other borrowings or indebtedness in the nature of borrowings or any guarantees or other material contingent liabilities as at the close of business on 31 July 2026. The Directors confirm that there was no material change in the indebtedness status of the Group since 31 July 2026 up to the Latest Practicable Date.

**3. WORKING CAPITAL STATEMENT**

The Directors, after due and careful consideration, are of the opinion that, after taking into account the financial resources available to the Group, including its internally generated funds, the available credit loan facilities, the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular in the absence of unforeseeable circumstances.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirm that as at the Latest Practicable Date, they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company is an investment holding company whose subsidiaries are principally engaged in the business of (i) manufacturing of machinery; (ii) machinery leasing; (iii) processing and manufacturing of plastic products; and (iv) trading of industrial consumables.

The Board anticipates that consumer spending in the traditional manufacturing sectors in the PRC will remain weak, and that the global geopolitical and economic landscape will continue to be complex and volatile, presenting ongoing challenges to the business environment. Against this backdrop, the Group will adhere to a prudent and resilient operating strategy, remain attentive to changes in the external environment, and optimise the allocation of its resources. While maintaining strict risk controls, the Group will continue to cultivate its core competitiveness to support the sustainable development of its overall business.

Notwithstanding these headwinds, the Board considers that meaningful business opportunities remain in industries such as electric vehicles, renewable energy and storage, and medical devices and applications. For the six months ended 30 June 2026, the Group recorded revenue of approximately HK\$1,084,689,000, representing a year-on-year increase of approximately 8.9%. Over the same period, gross profit increased by approximately 3.9% to approximately HK\$193,014,000, while operating profit grew by approximately 17.2% to approximately HK\$15,477,000. Profit for the period had also increased by approximately 6.6% to approximately HK\$4,339,000. Subject to prevailing market conditions and the overall economic situation, the Group will endeavour to maintain the positive momentum recorded in the first half of 2026 and strive to deliver positive results for the full year of 2026.

Looking ahead, the Board remains cautiously optimistic about the Group's business prospects for the remainder of 2026. The Group will continue to strengthen its core competencies in machinery manufacturing, broaden its customer base in overseas markets, optimise its product mix and exercise prudent cost control. In the coming year, the Group intends to focus on machinery manufacturing and the trading of industrial consumables, offering customised and integrated products and services to its customers. As regions such as South East Asia, South America, the Middle East and North Africa continue to build up their manufacturing capabilities, the Group expects demand for technically advanced machinery produced in the PRC to remain strong.

Following the Disposal, the Group's plastic products processing and manufacturing business is well positioned to capture this demand. In response to customer concerns over rising plastic raw material costs and supply stability, the Group expects the plastic products processing and manufacturing business will fully utilise its diversified procurement channels, material application and selection capabilities in the second half of the year to ensure cost effectiveness and supply security for both customers and the Group. Simultaneously, the Group will continue to strengthen its early-stage product development and design capabilities, actively expanding its customer base and new projects to inject new growth momentum into this business segment.

The Group will also remain proactive in exploring suitable investment opportunities and in investing in research and development to enhance its manufacturing and production capabilities, so as to navigate a challenging and highly competitive market and preserve its competitive edge. Leveraging its distinctive technological strengths, diversified business portfolio and flexible response strategies, the Group is confident that it will overcome prevailing market challenges and achieve steady development across all its business segments.

*The following is the text of a letter, and valuation certificate prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent property valuer, in connection with their opinion of value of the property will be disposed by Cosmos Machinery Enterprises Limited.*



Rooms 1101-4, 11/F, Harcourt House  
39 Gloucester Road, Wan Chai, Hong Kong  
Tel (852) 2529 6878 Fax (852) 2529 6806

24 September 2026

The Board of Directors  
Cosmos Machinery Enterprises Limited  
10/F., Billion Plaza 2  
No.10 Cheung Yue Street  
Cheung Sha Wan  
Kowloon  
Hong Kong

Dear Sir/Madam,

**Re: Valuation of an industrial complex located at Lot No. NG8-3 West of Shuangtang Road, Nangang Science and Technology Park, Shushan District, Hefei City, Anhui Province, the People's Republic of China**

In accordance with your instruction for us to value the property held by Cosmos Machinery Enterprises Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 June 2026 (the “**Date of Valuation**”) for circular reference purpose.

## **1. BASIS OF VALUATION**

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

## **2. VALUATION METHODOLOGY**

For the industrial property in the PRC, due to the specific purpose for which most of the buildings and structures of the property have been constructed, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost (“**DRC**”) approach is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. In practice, DRC approach may be used as a substitute for the market value of specialised property, due to the lack of market comparables available. Our valuation does not necessarily represent the amount that might be realised from the disposition of the property, and the DRC is subject to adequate profitability of the business concerned.

## **3. TITLE INVESTIGATION**

For the property in the PRC, we have been provided with copies of extracts of various title documents relating to the property. However, we have not searched the original documents to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a very considerable extent on information given by the Group’s PRC legal adviser, Guangdong Guanxin Law Firm regarding the title of the property in the PRC. All documents have been used for reference only.

In valuing the property, we have relied on the advice given by the Group and its PRC legal adviser that the Group has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

## **4. VALUATION ASSUMPTIONS**

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

## **5. SOURCE OF INFORMATION**

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

## **6. VALUATION CONSIDERATION**

We have inspected the exterior and, where possible, the interior of the property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the property under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property, we have complied with the RICS Valuation – Professional Standards Published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

## **7. INDEPENDENCE**

We confirm that Roma Appraisals Limited, its directors or employees are independent of and unconnected with any directors, chief executive, substantial shareholders of the client or their respective associates.

**8. REMARKS**

Unless otherwise stated, all monetary amounts stated in our valuation are in Renminbi (RMB).

Our Valuation Certificate is attached.

Yours faithfully,  
For and on behalf of  
**Roma Appraisals Limited**  
**Frank F Wong**

*BA (Business Admin in Act/Econ) MSc (Real Est)*  
*MRICS Registered Valuer MAusIMM ACIPHE*  
*Managing Director*  
*Head of Property and Asset Valuation*

*Note: Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering who has over 20 years' valuation, transaction advisory and project consultancy of properties experience in Hong Kong and over 15 years' experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Czech Republic, Austria, Poland, United Kingdom, United States, Mexico, Abu Dhabi (UAE) and Jordan.*

## VALUATION CERTIFICATE

## Property held for owner occupation in the PRC

|                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                             | Market Value<br>in Existing<br>State as at<br>30 June 2026 |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------------------------------------|--------------------------|----------|--------------------------|----------|-----------|----------|-----------------------------------|----------|--------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Property                                                                                                                                                           | Description and Tenure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Particulars of<br>Occupancy |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
| An industrial complex located at Lot No. NG8-3 West of Shuangtang Road, Nangang Science and Technology Park, Shushan District, Hefei City, Anhui Province, the PRC | <p>The property comprises seven buildings and various ancillary structures erected on a parcel of land with a site area of 32,000.71 sq.m., which were completed between 2011 and 2012.</p> <p>The property has a total gross floor area (“GFA”) of approximately 26,187.05 sq.m. The GFA breakdown of the property’s constituent portions is listed as follows:</p> <table><thead><tr><th>Building</th><th>GFA<br/>(sq.m.)</th></tr></thead><tbody><tr><td>Industrial Building No.1</td><td>8,069.36</td></tr><tr><td>Industrial Building No.2</td><td>8,189.88</td></tr><tr><td>Dormitory</td><td>5,672.25</td></tr><tr><td>Research and Development Building</td><td>4,255.56</td></tr><tr><td><b>Total</b></td><td><b><u>26,187.05</u></b></td></tr></tbody></table> | Building                    | GFA<br>(sq.m.)                                             | Industrial Building No.1 | 8,069.36 | Industrial Building No.2 | 8,189.88 | Dormitory | 5,672.25 | Research and Development Building | 4,255.56 | <b>Total</b> | <b><u>26,187.05</u></b> | As advised, the property is occupied by Cosmos Grand Plastics Co. Ltd. as workshop, office and staff quarter as at the date of valuation. | RMB47,120,000 |
| Building                                                                                                                                                           | GFA<br>(sq.m.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                             |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
| Industrial Building No.1                                                                                                                                           | 8,069.36                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
| Industrial Building No.2                                                                                                                                           | 8,189.88                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
| Dormitory                                                                                                                                                          | 5,672.25                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
| Research and Development Building                                                                                                                                  | 4,255.56                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                             |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
| <b>Total</b>                                                                                                                                                       | <b><u>26,187.05</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                             |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |
|                                                                                                                                                                    | <p>The land use rights of the property were granted for a term due to expire on 17 June 2061 for industrial use.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                             |                                                            |                          |          |                          |          |           |          |                                   |          |              |                         |                                                                                                                                           |               |

## Notes:

- Pursuant to State-owned Land Use Rights Certificate He Gao Xin Guo Yong (2011) No. 50 issued by the People’s Government of Hefei on 15 September 2011, the land use rights of the property with a site area of 32,000.71 sq.m. were vested in Cosmos Grand Plastics Co. Ltd., is a wholly-owned subsidiary of the Company, for a term of 50 years due to expire on 17 June 2061 for industrial use.
- Pursuant to four Building Ownership Certificates Nos. (2021)11308636, (2021)11308550, (2021)11308553 and (2021)11308554, the building ownership of the property with a total GFA of 26,187.05 sq.m. was vested in Cosmos Grand Plastics Co. Ltd..

3. Pursuant to Construction Land Planning Permit Di Zi No. 340101201130036 dated 18 August 2011, the construction scheme with a total site area of 32,000.71 sq.m. was approved.
4. In the valuation of the property, we have attributed no commercial value to the buildings with a total GFA of approximately 5,649.95 sq.m. which have not obtained any proper title certificate. However, for reference purposes, we are of the opinion that the depreciated replacement cost of the buildings and structures (excluding the land) as at the date of valuation would be RMB4,300,000 assuming all relevant title certificates have been obtained and the buildings could be freely transferred.
5. The subject development is located at the western side the Shuang Tang Road nearby the junction of the Da Bie Shan Road of Hefei City with a short driving distance of the Nangang Metro Station of Hefei City. It is around 21 kilometers from Hefei Xinqiao International Airport. It has a favorable transportation and business environment.
6. The subject development is suited for Industrial Development Zone (工業發展區) in accordance with the Hefei National Master Zoning Plan (the year of 2021-2035) (合肥市國土空間總體規劃(2021-2035年)).
7. In valuing the property using the DRC Approach, we analysed land transaction comparables in Hefei City, sourced from the Land China website. These comparables were selected based on their relevance to the subject property in terms of physical and locational attributes, all closely aligned with the valuation date. The unit rates adopted in our valuation are consistent with these comparables, after making appropriate adjustments for differing attributes. Please refer to the following land transaction record:
  - a. An industrial land located in Hefei City with the land area of 179,027.03 sq.m. in the consideration of RMB99,718,056, unit rate RMB557/sq.m..
  - b. An industrial land located in Hefei City with the land area of 2,449.54 sq.m. in the consideration of RMB1,364,394, unit rate RMB557/sq.m..
  - c. An industrial land located in Hefei City with the land area of 31,559.87 sq.m. in the consideration of RMB17,578,848, unit rate RMB557/sq.m..

Our opinion of the unit rate of the land of RMB557/sq.m. was derived by calculating the average of the unit rates of the comparables. After the calculation of the residual land term 35 years, the adjusted unit rate would be around RMB512/sq.m. and the land value would be rounded of RMB16,390,000.

8. For the building value, we referred to the range of RMB2,300/sq.m. to RMB2,870/sq.m. for industrial buildings in Tier 1 cities in the PRC from the Construction Cost Handbook 2026 published by the Quantity Surveyor Firm. We adopted the medium unit rate of RMB1,858/sq.m., with a -20% location adjustment. After accounting for depreciation rates (-25% to -30%), physical obsolescence (0% to -10%), functional obsolescence (-5% to -20%), and economic obsolescence (-15% to -20%), the building value is rounded to a total of RMB26,030,000.

9. For the structure value, we have reviewed and made reference to the original book value of the structures, RMB4,700,000 (rounded), since all the structures were completed by June 2026.

The breakdown of the market value of the property:

| Items        | As at 30 June 2026<br>(RMB) |
|--------------|-----------------------------|
| Land         | 16,390,000                  |
| Building     | 26,030,000                  |
| Structure    | <u>4,700,000</u>            |
| Market value | <u><u>47,120,000</u></u>    |

10. The last site inspection was performed by Mr. Frank F Wong, RICS registered valuer with over 15 years' experience in the PRC dated 29 August 2026.
11. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, *inter alia*, the following information:
- Cosmos Grand Plastics Co. Ltd. is the legal owner of the property and has right to occupy, use, lease and dispose of the property with legal protection under the PRC law;
  - The land use right of the subject land with the land area 32,000.71 sq.m. has been granted to Cosmos Grand Plastics Co. Ltd. commenced on 15 September 2011 and will be expired on 17 June 2061;
  - The building ownership with the total GFA 26,187.05 sq.m. has been granted to Cosmos Grand Plastics Co. Ltd.;
  - The property has not been mortgaged, seized or has not been registered any easements and objection;
  - All land premium and other costs of ancillary utility services have been settled in full; and
  - The existing use of the property is in compliance with the local planning regulations and has been approved by the relevant government authorities.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN EQUITY OR DEBT SECURITIES

As at the Latest Practicable Date, the interests and short positions of each Director, chief executives of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”) to be notified to the Company and the Stock Exchange are set out below:

### Long positions in the Shares as at the Latest Practicable Date:

| Name of Director | Number of Shares Held |                     |                         |             | Approximate %<br>of the Total<br>Number of<br>Issued Shares |
|------------------|-----------------------|---------------------|-------------------------|-------------|-------------------------------------------------------------|
|                  | Personal<br>Interests | Family Interests    | Corporate Interests     | Total       |                                                             |
| Tang To          | 4,970,005             | 226,000<br>(Note 1) | 445,617,458<br>(Note 2) | 450,813,463 | 52.30                                                       |
| Tang Yu, Freeman | –                     | –                   | 442,157,052<br>(Note 3) | 442,157,052 | 51.30                                                       |

#### Notes:

- 226,000 Shares were held by Mr. Tang To and his spouse jointly.
- Mr. Tang To was deemed to be interested in 445,617,458 Shares under the SFO, comprising (i) 3,460,406 Shares held by Ginta which is owned as to approximately 99.999% by Fullwin, which in turn is owned as to 50% by Mr. Tang To and 50% by his spouse respectively; (ii) 405,907,052 Shares held by Codo through its wholly-owned subsidiaries, Tai Shing, Hung Cheong and Cosmos Holdings; and (iii) 36,250,000 Shares

held by Saniwell (as the trustee of The Saniwell Trust, the beneficiaries of which include Mr. Tang To and certain of his family members) which in turn is owned as to approximately 57.14% by Mr. Tang To. As at the Latest Practicable Date, Mr. Tang To was one of the directors of Ginta.

3. Mr. Tang Yu, Freeman was deemed to be interested in 442,157,052 Shares under the SFO, comprising (i) 405,907,052 Shares held by Codo through its wholly-owned subsidiaries, Tai Shing, Hung Cheong and Cosmos Holdings; and (ii) 36,250,000 Shares held by Saniwell (as the trustee of The Saniwell Trust, the beneficiaries of which include Mr. Tang To and certain of his family members) which in turn is owned as to approximately 42.86% by Mr. Tang Yu, Freeman.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered into the register referred to therein; or were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and chief executives of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries:

#### Long positions in the Shares as at the Latest Practicable Date:

| Name of Substantial Shareholder            | Capacity                                                 | Number of Shares Held |                                 |             | Approximate % of the Total Number of Issued Shares |
|--------------------------------------------|----------------------------------------------------------|-----------------------|---------------------------------|-------------|----------------------------------------------------|
|                                            |                                                          | Direct Interests      | Deemed Interests                | Total       |                                                    |
| Tai Shing                                  | Beneficial owner                                         | 170,104,452           | –                               | 170,104,452 | 19.74                                              |
| Cosmos Holdings                            | Beneficial owner and interest of controlled corporations | 235,802,600           | 170,104,452 <sup>(Note 1)</sup> | 405,907,052 | 47.09                                              |
| Codo                                       | Interest of controlled corporations                      | –                     | 405,907,052 <sup>(Note 2)</sup> | 405,907,052 | 47.09                                              |
| Law Kit Fong (Deceased)                    | Interest of controlled corporations                      | –                     | 405,907,052 <sup>(Note 3)</sup> | 405,907,052 | 47.09                                              |
| Saniwell                                   | Beneficial owner and interest of controlled corporations | 36,250,000            | 405,907,052 <sup>(Note 4)</sup> | 442,157,052 | 51.30                                              |
| China Resources (Holdings) Company Limited | Beneficial owner                                         | 169,649,046           | –                               | 169,649,046 | 19.68                                              |

| Name of Substantial Shareholder | Capacity                            | Number of Shares Held |                                 |             | Approximate % of the Total Number of Issued Shares |
|---------------------------------|-------------------------------------|-----------------------|---------------------------------|-------------|----------------------------------------------------|
|                                 |                                     | Direct Interests      | Deemed Interests                | Total       |                                                    |
| CRC Bluesky Limited             | Interest of controlled corporations | –                     | 169,649,046 <sup>(Note 5)</sup> | 169,649,046 | 19.68                                              |
| China Resources Co., Limited    | Interest of controlled corporations | –                     | 169,649,046 <sup>(Note 6)</sup> | 169,649,046 | 19.68                                              |

## Notes:

1. Tai Shing was wholly-owned by Hung Cheong, which is a wholly-owned subsidiary of Cosmos Holdings. By virtue of the SFO, Cosmos Holdings was deemed to be interested in 170,104,452 Shares held by Tai Shing.
2. Cosmos Holdings was owned as to approximately (i) 99.999% by Codo; and (ii) 0.001% by Ever Forward Industries Limited (incorporated in Hong Kong, as trustee for Codo). By virtue of the SFO, Codo was deemed to be interested in 405,907,052 Shares held by Cosmos Holdings. As at the Latest Practicable Date, Messers. Tang To and Tang Yu, Freeman were the directors of Cosmos Holdings.
3. Codo was owned as to approximately (i) 10.49% by Elegant Power Enterprises Limited (incorporated in Hong Kong, “**Elegant Power**”); and (ii) 37.92% by Friendchain, which was owned as to 40% by Elegant Power. Elegant Power was owned as to approximately 0.002% by the late Mr. Kan Wai Wah, formerly a non-executive Director (as trustee for the late Ms. Law Kit Fong), and approximately 99.998% by the late Ms. Law Kit Fong. By virtue of the SFO, the late Ms. Law Kit Fong was deemed to be interested in 405,907,052 Shares held by Codo. As at the Latest Practicable Date, Mr. Tang To was a director of Codo.
4. Codo was owned as to approximately (i) 31.42% by Keepsound, which was owned as to 94% by Saniwell; and (ii) 37.92% by Friendchain, which was owned as to approximately 57.42% by Saniwell. By virtue of the SFO, Saniwell was deemed to be interested in 405,907,052 Shares held by Codo. As at the Latest Practicable Date, Messers. Tang To and Tang Yu, Freeman were the directors of Saniwell.
5. China Resources (Holdings) Company Limited (incorporated in Hong Kong) was a wholly-owned subsidiary of CRC Bluesky Limited (incorporated in the British Virgin Islands). By virtue of the SFO, CRC Bluesky Limited was deemed to be interested in 169,649,046 Shares held by China Resources (Holdings) Company Limited.
6. CRC Bluesky Limited was a wholly-owned subsidiary of China Resources Co. Limited (incorporated in the PRC). By virtue of the SFO, China Resources Co. Limited was deemed to be interested in 169,649,046 Shares held by CRC Bluesky Limited.

Save as disclosed above, as at the Latest Practicable Date, there was no other person so far as was known to the Directors and chief executives of the Company (other than a Director or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its subsidiaries.

Further, save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which was not expiring or determinable by the Company or such subsidiaries within one year without payment of compensation (other than statutory compensation).

#### **5. LITIGATION**

As at the Latest Practicable Date, the Group does not have any litigations or claims of material importance and, so far as the Directors are aware, no litigation or claims of material importance are pending or threatened by or against the Company or any of its subsidiaries.

#### **6. OTHER INTERESTS OF THE DIRECTORS**

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have, since 31 December 2025, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to the Company or any of its subsidiaries; and
- (b) none of the Directors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement was subsisting as at the date of this circular and which was significant in relation to the business of the Group as a whole.

**7. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates (as defined under the Listing Rules) was interested directly or indirectly in any business, apart from their interest in the Company, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**8. QUALIFICATION AND CONSENT OF THE VALUER**

The following is the qualification of the Valuer who has given its opinion and advice which are included in this circular:

| <b>Name</b>             | <b>Qualification</b>            |
|-------------------------|---------------------------------|
| Roma Appraisals Limited | Independent Professional Valuer |

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report given as of the date of this circular and references to its name in the form and context in which they appear.

The Valuer has confirmed as at the Latest Practicable Date and the date of this circular that (i) it is not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (ii) it does not have any direct or indirect interests in any assets which have since 31 December 2025 (being the date to which the latest audited consolidated statements of the Group were made up) been acquired or disposed of by or leased to or by any member of the Group, or was proposed to be acquired or disposed of by or leased to or by any member of the Group.

**9. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business of the Company) have been entered into by the Company or any of its subsidiaries within the two years immediately preceding the date of this circular, which is or may be material:

- (a) the equity interest transfer agreement dated 5 February 2026 between the Target Company (as the vendor) and Mr. Diao (as the purchaser) in connection with the sale and purchase of the entire equity interest in the Purchaser; and
- (b) the Sale and Purchase Agreement.

**10. GENERAL**

- (a) The registered office of the Company is at 10th Floor, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Ms. Wong Lai Tong, an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.
- (c) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

**11. DOCUMENTS ON DISPLAY**

Electronic copies of the following documents will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.cosmel.com>) from the date of this circular up to 14 days thereafter:

- (a) each of the material contracts (including the Sale and Purchase Agreement) referred to under the paragraph headed “*Material Contracts*” in this appendix;
- (b) the letter of consent from the Valuer referred to under the paragraph headed “*Qualifications and Consent of the Valuer*” in this appendix; and
- (c) the Valuation Report.