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VOLUNTARY ANNOUNCEMENT

IMPACT OF NOVEL CORONAVIRUS (COVID-19) EPIDEMIC ON BUSINESS OPERATIONS

This announcement is made by the board of directors (the “**Board**”) of Cosmos Machinery Enterprises Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders of the Company (the “**Shareholders**”) and potential investors informed of the latest business development of the Group.

Due to the outbreak of the novel coronavirus (COVID-19) epidemic (the “**Epidemic**”) across the People’s Republic of China (the “**PRC**”), a number of provinces in the PRC have taken various emergency public health measures and other actions to prevent the spread of the Epidemic, including imposing restriction on the resumption date of work after the Chinese New Year Holidays.

On 29 January 2020, the Group established a crisis management committee to counter the Epidemic. The committee is led by executive directors of the Company and senior management to arrange Epidemic prevention and control-related matters, among other matters, stipulate guidelines for prevention and control of the Epidemic, coordinate relevant Epidemic prevention materials, assess various risks incurred by the Epidemic and formulate related management solutions with an aim to minimize the adverse impact of the Epidemic on the Group.

The Group's plants and offices have successively resumed production and work since 10 February 2020. However, due to the suspension or limited service of transportation facilities in certain provinces in the PRC to prevent the spread of the Epidemic, certain workers hence are unable to resume work in the Group's production plants as planned. Moreover, the Group expects that there will be delay in the supply of raw materials and parts from its suppliers, which may lead to (i) a drop in the Group's production capacity; (ii) a delay in resuming to the original production schedule; and (iii) late delivery of products in the coming months.

Besides devoting efforts to strengthen the prevention and control of spreading of the Epidemic in its workplaces and to ensure the health and safety of its employees, the Group will also work closely with its suppliers to speed up the delivery of raw materials and parts and will liaise with its customers to adjust the delivery schedule to minimise any negative economic impact on various sides.

The aforesaid impacts of the Epidemic on the Group's business operations, which are beyond the control of the Group, may adversely affect the financial results of the Group for the six months ending 30 June 2020. The Board will continuously evaluate the impact of the Epidemic on the Group's business operations and financial performance. The Group will take appropriate measures as necessary and make further announcement(s) in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 25 February 2020

As at the date of this announcement, the Board is comprised of ten directors, of which four are executive directors, namely Mr. Tang To, Mr. Wong Yiu Ming, Mr. Tang Yu, Freeman and Mr. Mei Zheqi and two are non-executive directors, namely Mr. Kan Wai Wah and Mr. Qu Jinping and four are independent non-executive directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei.