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INSIDE INFORMATION

POSITIVE PROFIT ALERT

This announcement is made by Cosmos Machinery Enterprises Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the currently available information which includes, but without limitation to, the unaudited consolidated management accounts of the Group for the six months ended 30 June 2021, the Group is expected to record an unaudited consolidated profit for the six months ended 30 June 2021 of not less than HK\$35,000,000 as compared to the loss of approximately HK\$8,993,000 recorded for the six months ended 30 June 2020. Such turnaround was primarily due to the following reason:

The Mainland China market rebounded significantly due to pent-up demand which resulted in an improvement in sales and order intake for the six months ended 30 June 2021, resulting in a significant improvement in the Group’s business, especially machinery manufacturing business, plastic products processing and manufacturing businesses and industrial consumables trading business. Those business segments have recorded a substantial increment in operating profit resulted from a growth of sales as well as an enhancement of gross profit margin for the six months ended 30 June 2021 compared to that of last year.

The Board expects that a number of challenges and uncertainties lie ahead for the Group and a slowdown in growth momentum in the second half of 2021 by reduction of orders intake and increase of production cost due to a rise in prices of key raw materials, such as cast iron, plastic resins and precious metals.

The Company will finalise the unaudited consolidated interim results of the Group for the six months ended 30 June 2021. Hence, the information disclosed in this announcement only represents a preliminary assessment by the Board and the management of the Group based on the information currently available to them, which have not yet been reviewed by the audit committee of the Company. The unaudited consolidated interim results of the Group may be subject to adjustments following further review by the Board. The Directors expect that the announcement of the unaudited consolidated results of the Group for the six months ended 30 June 2021 will be published in August 2021 in compliance with the requirements under the Listing Rules.

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, 6 August 2021

As at the date of this announcement, the Board comprises seven Directors, of which two are executive Directors, namely Mr. Tang To and Mr. Tang Yu, Freeman, two are non-executive Directors, namely Mr. Kan Wai Wah and Mr. Qu Jinping and three are independent non-executive Directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin and Mr. Huang Zhi Wei.