大同機械企業有限公司
COSMOS MACHINERY ENTERPRISES LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock Code: 118)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS SUMMARY

	Six months ended 30 June		
	2026	2025	
	(Unaudited)	(Unaudited)	
	HK$'000	*HK$'000*	**Change**
Revenue	**1,084,689**	996,205	+8.9%
Gross profit	**193,014**	185,762	+3.9%
Operating profit	**15,477**	13,205	+17.2%
Profit for the period	**4,339**	4,070	+6.6%

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Cosmos Machinery Enterprises Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026. These interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**1,084,689**	996,205
Cost of sales		**(891,675)**	(810,443)
Gross profit		**193,014**	185,762
Other income, gain and loss, net		**9,755**	9,437
Selling and distribution costs		**(96,021)**	(96,174)
Administrative expenses		**(91,271)**	(85,820)
Operating profit		**15,477**	13,205
Investment income		**2,920**	4,175
Share of results of associates		**3,062**	2,227
Loss on disposal of a subsidiary	*6*	**(476)**	–
Finance costs		**(4,660)**	(4,414)
Profit before tax	*4*	**16,323**	15,193
Income tax expense	*5*	**(11,984)**	(11,123)
Profit for the period		**4,339**	4,070
Profit for the period attributable to:			
Equity shareholders of the Company		**3,659**	1,481
Non-controlling interests		**680**	2,589
Profit for the period		**4,339**	4,070
		HK cent	*HK cent*
Earnings per share – Basic	*7*	**0.42**	0.17

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Profit for the period		**4,339**	4,070
Other comprehensive income/(expense), net of tax:			
Items that have been reclassified or may be reclassified subsequently to profit or loss:			
Share of reserves of associates		**871**	(166)
Exchange differences arising from translation of financial statements of foreign operations		**46,135**	18,199
Reclassification adjustments:			
Release of translation reserve upon disposal of a subsidiary	*6*	**311**	–
		47,317	18,033
Total comprehensive income for the period		**51,656**	22,103
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**47,922**	18,431
Non-controlling interests		**3,734**	3,672
Total comprehensive income for the period		**51,656**	22,103

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	Notes	30 June 2026 (Unaudited) HK$'000	31 December 2025 (Audited) HK$'000
Non-current Assets			
Property, plant and equipment		**427,442**	420,438
Right-of-use assets		**38,655**	39,928
Interests in associates		**40,517**	39,471
Finance lease receivables		**21,074**	23,554
Deferred tax assets		**25,085**	25,438
Life insurance contract		**15,092**	7,564
		567,865	556,393
Current Assets			
Inventories		**516,385**	463,782
Finance lease receivables		**65,714**	86,530
Trade and other receivables	*9*	**724,719**	656,187
Other financial assets		**69,874**	–
Current tax recoverable		**27**	161
Cash and bank balances		**456,794**	578,318
		1,833,513	1,784,978
Current Liabilities			
Trade and other payables	*10*	**731,807**	754,568
Contract liabilities		**97,752**	80,258
Bank borrowings		**162,783**	143,066
Lease liabilities		**3,533**	4,642
Current tax payable		**5,957**	5,774
		1,001,832	988,308
Net Current Assets		**831,681**	796,670
Total Assets less Current Liabilities		**1,399,546**	1,353,063

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Non-current Liabilities		
Bank borrowings	**–**	4,429
Lease liabilities	**2,780**	4,070
Deferred tax liabilities	**20,008**	19,462
	22,788	27,961
Net Assets	**1,376,758**	1,325,102
Equity		
Capital and reserves attributable to equity shareholders of the Company:		
Share capital	**609,027**	609,027
Reserves	**687,693**	639,771
	1,296,720	1,248,798
Non-controlling Interests	**80,038**	76,304
Total Equity	**1,376,758**	1,325,102

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2026

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and Hong Kong Accounting Standards ("**HKAS**") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

These interim financial statements have been prepared in accordance with the accounting policies which are consistent with those adopted in the Group's annual consolidated financial statements for the year ended 31 December 2025. The amendments to standards adopted by the Group in the current accounting period are set out in Note 2 below.

The information in this interim financial report is unaudited and does not constitute statutory financial statements. The financial information relating to the financial year ended 31 December 2025 that is included in this interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with Section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, the "**Companies Ordinance**") is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditors have reported on those consolidated financial statements. The auditors' report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Companies Ordinance.

2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

In the current accounting period, the Group has applied the following amendments and improvements to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

- Amendments to HKFRS 9 and HKFRS 7, Classification and Measurement of Financial Instruments
- Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7, Annual Improvements to HKFRS Accounting Standards – Volume 11
- Amendments to HKFRS 9 and HKFRS 7, Contracts Referencing Nature-dependent Electricity

The application of the amendments and improvements to HKFRS Accounting Standards in the current accounting period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT REPORTING

The Group manages its business by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified, on a product basis, the following four reportable segments:

(1) trading of industrial consumables;

(2) processing and manufacturing of plastic products;

(3) manufacturing of machinery; and

(4) machinery leasing.

Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's top executive management monitors the results attributable to each reportable segment on the following basis:

Segment revenue, expenses and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue and expenses are determined before intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

The segment results for the six months ended 30 June 2026 are as follows:

	Industrial consumables *HK$'000*	Plastic products *HK$'000*	Machinery *HK$'000*	Machinery leasing *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	**358,546**	**311,926**	**411,352**	**2,865**	**–**	**–**	**1,084,689**
Inter-segment sales *(Note)*	**10,401**	**–**	**2,328**	**–**	**–**	**(12,729)**	**–**
Total revenue	**368,947**	**311,926**	**413,680**	**2,865**	**–**	**(12,729)**	**1,084,689**
Segment results	**23,583**	**11,392**	**(12,807)**	**3,090**	**2,434**	**–**	**27,692**
Unallocated corporate expenses							**(12,215)**
Operating profit							**15,477**
Investment income							**2,920**
Share of results of associates							**3,062**
Loss on disposal of a subsidiary							**(476)**
Finance costs							**(4,660)**
Profit before tax							**16,323**

Note: Inter-segment sales are determined at prevailing market rates.

The segment results for the six months ended 30 June 2025 are as follows:

	Industrial consumables *HK$'000*	Plastic products *HK$'000*	Machinery *HK$'000*	Machinery leasing *HK$'000*	Other operations *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE							
External sales	246,375	285,395	462,235	2,200	–	–	996,205
Inter-segment sales *(Note)*	13,733	18	62	7	–	(13,820)	–
Total revenue	260,108	285,413	462,297	2,207	–	(13,820)	996,205
Segment results	12,412	13,900	(4,601)	1,854	2,802	–	26,367
Unallocated corporate expenses							(13,162)
Operating profit							13,205
Investment income							4,175
Share of results of associates							2,227
Finance costs							(4,414)
Profit before tax							15,193

Note: Inter-segment sales are determined at prevailing market rates.

An analysis of revenue by geographical markets is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Hong Kong	**15,708**	13,827
Chinese Mainland	**963,138**	894,064
Other Asia-Pacific countries	**82,844**	66,852
North America	**3,691**	1,397
Europe	**19,308**	20,065
	1,084,689	996,205

An analysis of the Group's property, plant and equipment and right-of-use assets by the geographical area in which the assets are located is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Hong Kong	**70,159**	73,590
Chinese Mainland	**395,938**	386,776
	466,097	460,366

4. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Depreciation and amortisation on:		
Property, plant and equipment		
– Ownership interest in leasehold land and buildings held for own use	**6,875**	7,121
– Other owned assets	**11,819**	12,609
Right-of-use assets	**2,775**	2,947
Short-term lease payments	**310**	537

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
Hong Kong profits tax	**851**	560
Overseas income tax	**11,133**	10,563
	11,984	11,123

The provision for Hong Kong profits tax for the six months ended 30 June 2026 is calculated at 16.5% (30 June 2025: 16.5%) of the estimated assessable profits for the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

6. LOSS ON DISPOSAL OF A SUBSIDIARY

During the six months ended 30 June 2026, the Group disposed of the entire equity interest in an indirect wholly-owned subsidiary for a cash consideration of RMB4,649,502.49. Details were set out in the announcements of the Company dated on 5 February 2026 and 13 February 2026.

The effect of such disposal on the Group's assets and liabilities is set out below:

	HK$'000
Property, plant and equipment	387
Trade and other receivables	40,492
Cash and bank balances	3,241
Trade and other payables	(38,700)
Net assets attributable to the Group disposed of	5,420
Release of translation reserve upon disposal	311
Loss on disposal of the subsidiary	(476)
Total consideration	5,255
An analysis of the net inflow of cash and cash equivalents in respect of such disposal is as follows:	
Cash consideration received	5,255
Cash and bank balances disposed of	(3,241)
Net proceeds from disposal of the subsidiary	2,014

7. EARNINGS PER SHARE – BASIC

The calculation of the basic earnings per share attributable to equity shareholders of the Company is based on the following:

	Six months ended 30 June	
	2026	2025
Weighted average number of ordinary shares in issue	**861,930,692**	861,930,692
	HK$'000	*HK$'000*
Profit attributable to equity shareholders of the Company	**3,659**	1,481
	HK cent	*HK cent*
Basic earnings per share	**0.42**	0.17

There were no dilutive potential ordinary shares in existence during the period.

8. DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

9. TRADE AND OTHER RECEIVABLES

The Group grants an average credit period of 90 days to 120 days to customers.

An aging analysis of trade and bills receivables, based on the past due date and net of allowance for impairment of bad and doubtful debts, is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Current	**430,880**	444,903
0 to 3 months	**141,252**	89,917
4 to 6 months	**44,592**	34,604
7 to 9 months	**26,976**	11,327
Over 9 months	**7,425**	9,659
Total trade and bills receivables	**651,125**	590,410
Other receivables	**30,891**	23,315
Prepayments	**42,703**	42,210
Amounts due from related parties	**–**	252
	724,719	656,187

10. TRADE AND OTHER PAYABLES

An aging analysis of trade and bills payables, based on the date of invoice, is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
0 to 3 months	**451,158**	433,853
4 to 6 months	**130,738**	174,191
7 to 9 months	**19,033**	11,106
Over 9 months	**13,952**	19,841
Total trade and bills payables	**614,881**	638,991
Accruals and other payables	**116,926**	115,577
	731,807	754,568

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

Revenue

Revenue of the Group for the six months ended 30 June 2026 was approximately HK$1,084,689,000 (30 June 2025: approximately HK$996,205,000). Despite the complex and volatile global economic environment, the Group's industrial consumables trading business benefited from sectors driven by innovation and supported by national policies, such as lithium batteries, semiconductors, medical, and industrial robots, achieving strong order growth and driving a year-on-year increase by 8.9% in overall revenue.

Gross profit and gross profit margin

For the six months ended 30 June 2026 and 2025, the Group's gross profit amounted to approximately HK$193,014,000 and HK$185,762,000, with gross profit margins of 17.8% and 18.6%, respectively. Due to the continuous surge in costs such as raw materials and freight rates, coupled with customers' need to address tariff-related issues, the Group adopted competitive pricing strategies to secure orders, which consequently placed pressure on its gross profit margin.

Other income, gain and loss, net

The net amount of other income, gain and loss of the Group for the six months ended 30 June 2026 amounted to approximately HK$9,755,000 (30 June 2025: approximately HK$9,437,000), which was similar to the same period last year.

Selling and distribution costs

The selling and distribution costs of the Group for the six months ended 30 June 2026 was approximately HK$96,021,000 (30 June 2025: approximately HK$96,174,000), which was similar to the same period last year. The selling and distribution costs to revenue was approximately 8.9% (30 June 2025: approximately 9.7%).

Administrative expenses

The administrative expenses of the Group for the six months ended 30 June 2026 were approximately HK$91,271,000 (30 June 2025: approximately HK$85,820,000), an increase of 6.4% as compared with the same period last year was primarily attributable to the increase in staff costs.

Finance costs

The finance costs of the Group for the six months ended 30 June 2026 amounted to approximately HK$4,660,000 (30 June 2025: approximately HK$4,414,000), an increase of 5.6% as compared with the same period last year was mainly due to utilisation of more credit facilities.

BUSINESS REVIEW

Machinery Manufacturing Business

In the first half of 2026, the plastic molding equipment market faced a volatile and complex external environment. At the beginning of the year, the overall industry sentiment was cautiously optimistic toward a post-Chinese New Year rebound in equipment investment demand. However, escalating geopolitical tensions in the Middle East triggered significant price fluctuations and supply instability in international crude oil, alongside a sharp rise in international freight rates, resulting in a material increase in the plastic raw material prices. Faced with cost pressures, supply chains instability and order adjustments, numerous domestic and overseas customers deferred their new equipment purchases and requested delayed shipment schedules starting in the first quarter. This had a certain impact on the order intake and sales performance in the Group's injection molding machines ("**IMM(s)**") manufacturing business. As a result, the revenue of this business recorded a slight decrease compared to the same period last year. Despite this, the gross profit margin improved and the overall loss remained steady year-on-year attributable to product structure optimisation.

In the domestic market, as customers grew more cautious about new equipment investments, the order volume and output for industries with high demand for plastic components, such as automotive and home appliances, noticeably declined in the first half of the year. Meanwhile, cost pressures and margin compression heightened customers' overall sensitivity to purchase prices of IMMs. Furthermore, competition among industry peers intensified on an unprecedented scale and price wars in the matured market for general-purpose models became prevalent. In the face of these market challenges, this business adopted sound strategic approach during this period by proactively forgoing certain orders with excessively low prices and stringent payment terms to effectively manage financial risks.

Demand from overseas customers was also affected by price fluctuations in crude oil and plastic raw materials stemming from Middle East tensions. Coupled with decelerating economic growth and exchange rate volatility in the region, the delivery of certain orders was delayed, with the Middle East and South America markets being particularly impacted. Nevertheless, benefited from Chinese enterprises' ongoing expansion of overseas production capacity, this business maintained steady growth in delivery volume in the Southeast Asian market during the period. Taking all these factors into account, overseas sales remained essentially stable year-on-year.

In the first half of the year, the domestic manufacturing industry exhibited divergent growth trends. Driven by soaring prices of commodities such as crude oil, copper, silver, and other rare metals, procurement prices of raw materials like plastic raw materials, motors, drives, cables and electrical components, as well as copper products rose successively. Industries such as automotive, home appliances, toys and building materials experienced significant downward price pressure due to overcapacity and weak end-consumer demand, leading to a reduction in order volumes. However, benefiting from technological innovation, national policy support, capacity upgrades and growing resilient demand, industries such as new energy, drones, humanoid robots, medical, food and consumer goods packaging maintained a steady development momentum. This business has continued to pursue its strategy of deepening its presence in specialised niche markets. The new high-speed version of polyethylene terephthalate (PET) IMMs targeting the transparent packaging industry gained recognition from leading industry customers for its rapid molding cycle, stability and durability, leading to a significant growth in orders. This business optimised the mechanical performance of its electric IMMs (D series) and strengthened cooperation with mold manufacturers alongside the application of automation. Consequently, it achieved a breakthrough in the medical market, driving growth in sales orders. Furthermore, the order intakes for medium and large-sized (800-ton to 3,000-ton) two-platen IMMs decreased in the first half of the year owing to shrinking market demand and intensified price competition.

Despite the fragmented development and fierce competition in the injection molding parts market, this business will continue to strengthen technological innovation and enhance product performance as well as the competitiveness of its overall machinery solutions to meet high-end customers' demand for precision product molding, stable and efficient production cycles, and intelligent management functions. As for precision and energy-saving electric IMMs, this business will soon launch a new series of general-purpose small and medium-sized electric IMMs to capitalise on the transition from oil to electric power. At the same time, leveraging the core capabilities in high-end all-electric IMMs, this business will further optimise injection speed and precision to meet the evolving demands of the food packaging, medical and precision 3C electronics industries. For the thin-wall food packaging market, this business also plans to launch a new generation of thin-wall high-speed IMMs to help customers reduce production costs and meet green energy-saving needs. Regarding the medium and large-sized two-platen IMM series, the research and development (R&D) team will align closely with the needs of leading automotive and home appliance customers for multi-colour, multi-material and multi-layer professional injection molding applications. This will enable us to fully leverage the stability and durability advantages of the excellent clamping structure of the JSeIII two-platen IMM series while incorporating new material technologies across niche markets.

To further extend the differentiated advantages of "highly intelligent IMMs", the Group's self-developed intelligent cloud platform "iSee 4.0" standard version continues to steadily expand its user base. Customers are able to connect and use basic real-time data interconnection functions free of charge. In the first half of the year, this business also successfully launched a high-end customised version of "iSee 4.0 MES" for leading customers in the automotive parts and home appliance industries. Going forward, this business will continue to optimise its specialised digital production management functions and further expand the enterprise user base adopting its customised versions. With the widespread adoption of artificial intelligence (AI) in industrial applications, this business will continue devoting resources to developing multiple AI applications, which cover high-value-added services such as AI models for injection molding techniques, fully automated machine adjustment, intelligent customer service and equipment maintenance.

Geopolitical tensions in the Middle East triggered a surge in crude oil, raw materials and precious metals prices, as well as freight rates. Coupled with increasing economic downward pressure in the Middle East, these factors significantly affected the robust growth rate originally forecasted for the extrusion lines, rubber injection molding machines and hydraulic presses manufacturing business. In recent years, the Middle East has been one of the major export markets with the largest growth for this business. Nevertheless, the elevated freight rates and extreme shortage of shipping slots forced some local customers to delay their delivery plans in the first half of the year. Moreover, certain South American customers postponed shipments due to logistical disruptions. Besides, overall sales volumes in the global automotive industry were under pressure, dragging down order volumes from key automotive parts customers in the first half of the year. As for the consumer electronics market, rising memory chip prices led to a substantial decline in sales of low-end brands or low-priced series of high-end brands, further impacting the sales volumes of differential pressure overlay decoration machines for surface decoration of components specifically targets the 3C electronics industry.

Despite facing the abovementioned external challenges, this business has consistently focused on specialised niche markets and effectively implemented a strategy of "large-sized customer-centric". It prioritises R&D, production and marketing resources to serve leading customers in various niche markets, thereby establishing a distinct competitive advantage. Benefiting from national major initiatives to expand power transmission infrastructure to meet the AI computing power development and future massive electricity demand, together with the global need to upgrade power grid facilities, this business demonstrated sustained robust growth in order intakes and sales of large-sized rubber injection molding machines for leading customers in the power industry in the first half of the year. Another highlight is the automated special-purpose machine solutions for rubber track belts, which stand out through years of focused R&D tailored to the industry's specific technical requirements and effectively reducing customers' labour costs via highly automated integration. This solution has established an excellent reputation and market position in this niche segment globally, attracting numerous new overseas customers and bulk purchases from existing key customers. In light of these factors, this business's revenue was stable compared to the same period last year.

Looking ahead, this business will remain committed to the strategic directions of "import substitution and labour replacement", enhancing products' core competitiveness, cultivating selected niche markets and striving to become a globally renowned brand in its niche segment. In the R&D and innovation aspect, breakthroughs have been made in the application of ultra-large-sized injection volumes for power industry-specific rubber injection molding machines, successfully achieving a single injection volume exceeding 600 kilograms and reaching an industry-leading standard. This year, major R&D projects include an online mold changing module for extrusion line, large-diameter multi-layer nylon extrusion technology, and optimisation of multi-layer automotive pipe extrusion line. The hydraulic press business will focus on optimising and promoting fully automated brake pad production line systems.

To bolster its overseas sales presence, this business will ramp up marketing efforts significantly in the second half of the year. It plans to establish sales and service locations in selected key overseas markets, cultivating and deploying professional sales and after-sales teams to serve local customers. Accordingly, large-scale recruitment for marketing and engineering R&D talents has already commenced. This year, this business has also initiated brand elevation campaigns and allocated more resources to comprehensively enhance its professional brand image in the niche markets.

Machinery Leasing Business

Amid a challenging operating environment characterised by persistently unstable demand for new equipment in the domestic manufacturing industry, rising costs and mounting risks, the machinery leasing business adhered to a highly prudent risk management strategy. It strictly screened customers and proactively forwent high-risk orders with low down payment ratios and long lease terms. Meanwhile, this business maintained sufficient liquidity to prioritise service to high-quality customers in the Group's machinery manufacturing business segment. Furthermore, in response to ever-changing regulatory requirements in the leasing market, the Group will closely monitor and actively implemented countermeasures to ensure compliant and sound business development.

Plastic Products Processing and Manufacturing Business

In the first half of 2026, the revenue and profits of the plastic processing plant for food packaging in Zhuhai dropped slightly year-on-year. Influenced by tensions in the Middle East, the prices of crude oil and plastic raw materials spiked while supply became unstable. In March and April, the management team actively discussed price adjustment plans with customers, made advance purchases of plastic raw materials and adjusted shipping arrangements. To a certain extent, these actions impacted order and shipment volumes in the first half of the year. Through the team's professional negotiation and ensuring diversified procurement channels, major high-quality customers understood and supported the reasonable price adjustments, successfully locking in budgeted order volumes for the second half of the year. Nevertheless, in addition to plastic raw materials, the costs such as packaging materials and transportation also rose simultaneously. As the cumulative cost pressure could not be fully passed on to customers, profit margins were under a certain degree of pressure in the first half of the year.

Leveraging its maturing product design and innovation capabilities, this business focuses on customers' core needs for product customisation solutions, such as functional packaging optimisation, product lightweighting and innovative appearance design. It has successfully secured the preferred design proposals for new projects from major dairy product customers, laying a solid foundation for future orders. Recently, this business has intensified its efforts in developing overseas markets by actively expanding its high-quality overseas customer base. Following prior market development and business integration, order volumes from new overseas customers gradually increased this year. Looking ahead, alongside strengthening partnerships with major domestic dairy corporations, it will also vigorously expand into the high-end food product market across Southeast Asia and Europe.

A comprehensive and interconnected digital management system has become one of the key competitive advantages of high-end processing plants. Following the successful integration of the Group's self-developed intelligent management cloud platform "iSee 4.0", customised Manufacturing Execution System (MES) and Enterprise Resource Planning (ERP) System last year, AI data analysis and management applications have been gradually introduced since this year. The Group believes that, amid existing cost volatility and fierce competition in the end-consumer market, this business will fully leverage its multiple strengths, including professional product innovation and design, high-standard cleanroom production, rigorous quality control and stable supply capacity backed by diversified procurement channels. Through these strengths, it strives to position itself as a preferred, trusted and high-quality manufacturing partner for top-tier domestic and international corporations.

The revenue of the plastic component processing plant for household appliances in Hefei remained stable during the first half of 2026, driven by a low base in the same period last year and the mass production of new model orders. However, persistently weak end-user demand in the domestic home appliance industry, together with consumption downgrade and ongoing low-price competition, led to a profit squeeze for component suppliers. The surge in plastic raw material prices in the first half of the year further increased downward pressure on profits, resulting in a slight year-on-year decrease in the profit level of this business.

In recent years, this business has optimised its production processes and implemented intelligent management to reduce labour costs and waste. However, this business operates essentially as a pure processing model, with no involvement in high-value-added processes such as product design and R&D. Additionally, its highly concentrated customer base, coupled with the increasingly stringent terms imposed by a single customer, weakens its overall bargaining power and renders its future development uncertain. Accordingly, the Group has decided to dispose of this business to allow the Group to reallocate its resources toward other business segments with growth potential, enhancing the Group's overall competitiveness.

In the first half of 2026, the revenue and profitability of the blow mold mannequins production plant in Dongguan recorded a slight year-on-year decline. The major customers of this business are concentrated in Europe. Given the inflationary pressures and subdued consumer confidence exacerbated by Middle East tensions, the expansion of new stores by major apparel and sporting goods brands slowed down. Meanwhile, the retail market in the Chinese Mainland was impacted by online shopping, resulting in an ongoing contraction in physical retail sales. Consequently, the overall delivery demand from major customers decreased in both overseas and domestic markets. Despite a marked increase in plastic raw material costs, this business effectively mitigated the impact of cost pressures on profitability by actively negotiating with customers and sharing part of the increased costs.

Driven by the strategy of actively expanding high-quality overseas customer base in recent years, this business recorded significant growth in shipments to new customers in the first half of the year. In particular, the successful mass production and delivery of a new project with a high-end European lingerie brand, and the steady growth in orders from a Japanese apparel brand, have contributed to a more balanced and healthy customer structure for this business. Both new and existing customers have highly praised this business's superior blow molding technology, rigorous quality control and rapid product development capabilities.

To advance the strategic goal of expanding the global portfolio of renowned apparel brands, this business has officially launched a comprehensive brand upgrade initiative. This includes increasing investment in marketing resources, reshaping brand positioning and image, actively enhancing online visibility and simultaneously increasing participation in overseas industry exhibitions. Furthermore, in terms of talent acquisition, this business has reinforced its sales and marketing teams accordingly, laying a solid foundation for the sustainable growth of its future business.

Industrial Consumables Trading Business

The industrial consumables trading business served customers across multiple manufacturing industries. In the first half of 2026, the entire manufacturing sector faced increasingly intense cost pressures driven by rising prices of crude oil, raw materials, and precious metals, alongside elevated freight rates driven by Middle East tensions. Concurrently, performance across the domestic manufacturing sector continued to polarise. Affected by the continued sluggish real estate market, ongoing consumption downgrades, overcapacity in certain industries and persistent capacity relocation trend, order volumes from customers in industries such as elevators, general-purpose machinery, low-end home appliances, petrol-powered vehicles and daily necessities were relatively weak. In response to a stagnant existing market and a fiercely competitive environment, certain corporations adopted an "exchanging price for volume" strategy to capture market share, which in turn put downward pressure on unit prices of servo hydraulics, drives and metal materials supplied by this business.

On the other hand, the growth rate of industries driven by innovation or supported by national policies remained resilient despite a complex and volatile macroeconomic environment. This business has cultivated its core customer base for years, covering industries such as lithium batteries, semiconductors, medical and industrial robots, achieving ideal order growth and driving substantial year-on-year increases in overall revenue and profits in the first half of the year. Particularly, the continued expansion of overseas production by power battery manufacturers, along with surging demand for energy storage, effectively boosted orders for lithium battery equipment suppliers, thereby driving a remarkable increase in sales of electronic control products of this business. Order volumes from semiconductor equipment customers remained strong due to robust demand for AI chips and related infrastructure equipment. Demand for high-end medical metal materials also maintained steady growth. Besides, the persistently weak exchange rate of the Japanese yen in the first half of the year effectively reduced the procurement costs of high-end electronic control components and metal materials imported from Japan, enhancing the price competitiveness of products.

The subsidiary in Vietnam has established a reliable supply to major local customers. In future, this business will ramp up resources toward expanding its customer base among recent entrants to the Vietnamese market, providing them with professional supply chain solutions and services to continuously expanding the overseas potential growth.

Subsequent Events

On 13 August 2026, Grand Technology Products Limited, an indirect wholly-owned subsidiary of the Company, as the seller, 合肥格蘭美新材料有限公司 as the purchaser, and Mr. Diao Junde, a connected person of the Company at the subsidiary level, as the guarantor of the purchaser, entered into a sale and purchase agreement in relation to the sale and purchase of the entire equity interest in Cosmos Grand Plastics Co., Ltd.（合肥大同格蘭塑業有限公司）(the "**Target Company**") at the consideration of RMB48,000,000. Upon completion, the Group will cease to have any interest in the Target Company. The Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Company thereafter will no longer be consolidated in the financial statements of the Group. Details were set out in the announcement of the Company dated 13 August 2026.

Save as disclosed above, there is no other material event after the end of the reporting period.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group's total outstanding bank borrowings amounted to approximately HK$162,783,000 (31 December 2025: approximately HK$147,495,000), which comprised mainly bank loans and trade finance facilities. The bank borrowings repayable within one year and in the first to second year amounted to approximately HK$162,783,000 and nil, respectively (31 December 2025: approximately HK$143,066,000 and HK$4,429,000, respectively).

After including lease liabilities of approximately HK$6,313,000 (31 December 2025: approximately HK$8,712,000) and deducting cash and bank balances of approximately HK$456,794,000 (31 December 2025: approximately HK$578,318,000), the Group's net cash amounted to approximately HK$287,698,000 (31 December 2025: approximately HK$422,111,000). Total equity attributable to equity shareholders of the Company as at 30 June 2026 was approximately HK$1,296,720,000 (31 December 2025: approximately HK$1,248,798,000).

The gearing ratio of the Group is measured as total of bank indebtedness and lease liabilities less cash and bank balances divided by net assets. The Group had a net cash position as at 30 June 2026 (31 December 2025: same). As a result, no gearing ratio was presented.

The Group's consolidated financial statements are presented in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese yen. As the Hong Kong dollar remained pegged to the United States dollar, there was no material exchange risk in this aspect. The Group continues monitoring its foreign exchange exposure in Japanese yen and Renminbi, and enters into forward contracts when necessary.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group had no material contingent liabilities (31 December 2025: Nil).

MATERIAL ACQUISITION AND DISPOSAL

There were no material acquisitions and disposals by the Group during the six months ended 30 June 2026.

CAPITAL STRUCTURE

There was no change in the total number of issued shares of the Company for the six months ended 30 June 2026. The total number of issued shares of the Company remained at 861,930,692 shares as at 30 June 2026.

EMPLOYEES, REMUNERATION POLICY AND TRAINING SCHEME

As at 30 June 2026, the Group had a total of 1,802 employees (30 June 2025: 1,776) located in Hong Kong and the Chinese Mainland, the ratio of women to men (including senior management) in the workforce was 29:71. Notwithstanding the foregoing, gender diversity for industrial business segment in which the Group operates may be less relevant due to the nature of work. However, the Group still managed to promote an appropriate gender balance.

The Group has formulated the remuneration policy for employees. The remuneration of employees is based on their qualifications, competence and performance as well as market trends. Employees' benefits include retirement benefits, medical insurance coverage, and various leave entitlements. The Group conducts an annual review on the overall remuneration packages of employees, including discretionary bonuses.

The emoluments of the Directors are determined by the Board based on the recommendation of the remuneration committee of the Company with reference to individual performance, qualifications and experience of the Directors, the duties and responsibilities of the Directors in the Company, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

The Group had provided training programmes or courses for employees of the Group, including employees at all levels from different departments in the Chinese Mainland and Hong Kong, and also for Directors, respectively, so as to further enhance their technical skills, professional skills and knowledge in production, operation and management.

OUTLOOK AND PROSPECTS

Looking ahead to the second half of 2026, the global geopolitical and economic landscape is expected to remain complex and volatile, with the business environment presenting ongoing challenges. The Group will continue to adhere to a prudent and resilient operating strategy, stay attentive to external environment changes, as well as optimise resource allocation. While strictly controlling risks, the Group will keep cultivating core competitiveness to ensure the sustainable development of its overall business.

As of the date of this announcement, the geopolitical tensions in the Middle East remain volatile and highly uncertain, with little sign of easing in the short term. Meanwhile, the prolonged Russia-Ukraine conflict is locked in a stalemate, causing long-term strain on the global energy and resource supply system. The continuation and spread of geopolitical tensions further exacerbate pressure on global supply chains. As risks along shipping routes near major oil-producing countries escalate, coupled with a continuous decline in several countries' petroleum reserves, petroleum and chemical product supply chains are facing severe pressure. There are already indications that petroleum and raw chemical material prices may rise further in the second half of the year, thereby driving up global inflation and corporate operating costs. The Group will closely monitor raw material price fluctuations and supply chain risks, and take proactive measures to mitigate cost pressures.

Furthermore, external geopolitical pressures and unilateral sanctions persist. Under such circumstances, the trend of shifting domestic production capacity overseas is unlikely to reverse in the short term. In respect of domestic demand, consumer confidence has yet to recover, with industries such as real estate, automotive, home appliances, food and daily necessities bearing the brunt of the slowdown. Overall, these industries and their upstream capacity are experiencing cyclical overcapacity, leading to extremely intense market competition. Under the dual pressure of declining end-product prices and high production costs for manufacturers, the profit margins of these industries are facing severe challenges. Nevertheless, backed by the strong resilience of industrial chains and innovation capabilities, some domestic industries with sustained growth momentum continue to demonstrate great vitality. Frontier sectors such as batteries, energy storage, power, AI computing related components, medical, humanoid robots, industrial automation and new materials applications are developing rapidly. It is expected that demand for new equipment, key components and metal materials will remain at a high level in the second half of the year. Considering these factors, the Group expects the domestic manufacturing industry will continue to exhibit a "polarised" development pattern.

The machinery manufacturing business will remain a priority for the Group's resource allocation, with a focus on serving leading corporations in industries with high growth potential. Experience has shown that specialised solutions tailored to niche markets effectively meet market demands. In the second half of the year, this business will further integrate resources into materials application, specialised technologies, process design, automation and intelligence solutions, and sales and after-sales service to deepen product differentiation advantages. For the general-purpose model market, the Group will seek the optimal balance between maintaining market share and ensuring reasonable profit levels.

In response to customer concerns over rising plastic raw material costs and supply stability, 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.

The industrial consumables trading business will continue to integrate development and sales resources, focusing on expanding its customer base in high-end emerging industries. In pursuit of steady growth, the management team will prioritise risk control of trade receivables while actively introducing high-quality imported and domestic industrial component brands to flexibly meet the diverse market demands for product quality and cost control.

In conclusion, given the uncertain external environment in the second half of the year, management will maintain a high degree of risk awareness and market agility while strictly controlling financial and operational risks. The Group is confident that it can overcome market challenges and foster steady development across all its businesses by leveraging its unique technological advantages, diversified business portfolio and flexible response strategies.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (30 June 2025: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any) during the six months ended 30 June 2026.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to practicing and maintaining a high standard of corporate governance for the enhancement of value of shareholders of the Company (the "**Shareholders**") and safeguarding the interests of Shareholders and other stakeholders, and reviews corporate governance practices and procedures of the Group from time to time. The Company has applied the principles of good corporate governance of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules (the "**CG Code**"), and in the opinion of the Board, the Company has complied with all the applicable code provisions of the CG Code during the six months ended 30 June 2026.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2026 INTERIM REPORT

The interim results announcement of the Company is published on the websites of the Company at https://www.cosmel.com and the Stock Exchange at https://www.hkexnews.hk. The 2026 interim report of the Company will be published on the above websites and despatched to the Shareholders in due course.

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

Hong Kong, 26 August 2026

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