
LETTER FROM THE BOARD



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:

Tang To
Wong Yiu Ming
Tang Yu, Freeman

Registered Office:

10/F, Billion Plaza 2
No.10 Cheung Yue Street
Cheung Sha Wan
Kowloon, Hong Kong

Non-executive Directors:

Kan Wai Wah
Qu Jinping

Independent non-executive Directors:

Yeung Shuk Fan
Cheng Tak Yin
Ho Wei Sem
Huang Zhi Wei

2 June 2018

To the Shareholders of the Company

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO
SUBSCRIPTION OF NEW SHARES BY CONNECTED PERSONS;
AND
(2) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

Reference is made to the Circular in relation to, among other things, the Subscription Agreement, the transactions contemplated thereunder (including the Specific Mandate) and the Whitewash Waiver.

The purpose of this supplemental circular is to supplement the Circular and provide the Shareholders with certain additional information in respect of the Whitewash Waiver as required under the Takeovers Code, which was inadvertently omitted in the Circular. This supplemental circular should be read in conjunction with the Circular.

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IMPLICATIONS UNDER THE TAKEOVERS CODE

The Board would like to inform the Shareholders the following:

- (1) The Executive has indicated that it will grant the Whitewash Waiver subject to, among other things, the approval of the Independent Shareholders by way of poll at the EGM.
- (2) As the voting rights held by the Subscribers resulting from the Subscription will exceed 50% of the voting rights of the Company upon Completion, the Subscribers may increase their holding without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.
- (3) As at the New Latest Practicable Date, Mr. Cheng Tak Yin, an independent non-executive Director holding 1,406,000 Shares, representing approximately 0.20% of the total issued share capital of the Company, intends to vote for the resolution proposed at the EGM.

MATERIAL CHANGES SINCE THE LATEST PRACTICABLE DATE

The Board would like to inform the Shareholders the following:

- (1) The Subscription Price of HK\$0.55 per Subscription Share represents a discount of approximately 21.4% to the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on the New Latest Practicable Date whereas the Subscription Price represents a discount of approximately 12.7% to the closing price of HK\$0.63 per Share as quoted on the Stock Exchange on the Latest Practicable Date.
- (2) The closing price per Share as quoted on the Stock Exchange on the New Latest Practicable Date was HK\$0.70.
- (3) The highest and lowest closing prices per Share recorded on the Stock Exchange since the beginning of the Relevant Period to the New Latest Practicable Date was HK\$0.81 (recorded on 21 May 2018) and HK\$0.465 (recorded on 15, 20, 21, 22, 23, 26 and 27 February 2018), respectively.
- (4) The Company received the conditional listing approval for the Subscription Shares dated 29 May 2018 from the Stock Exchange, which is subject to (a) shareholder approval on the Subscription under Rules 13.36 and 14A.36; and (b) fulfilment of all other conditions of the Subscription.

Save as disclosed above, the Directors confirm that there have been no material changes in the information contained in the Circular, including the information relating to (a) material contracts; (b) shareholdings and dealings; (c) special arrangements; (d) ultimate owners of the Subscribers; (e) arrangements in relation to dealings; and (f) Directors' service contracts and emoluments, since the Latest Practicable Date to the New Latest Practicable Date.

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The closing price per Share as quoted on the Stock Exchange on 31 May 2018 was HK\$0.74.

Your attention is drawn to additional information set out in Appendix I to this supplemental circular.

ADJOURNMENT OF THE EGM

In order to allow sufficient time for the Shareholders to read this supplemental circular, the chairman of the EGM will propose to adjourn the EGM to be held on Thursday, 7 June 2018 to Wednesday, 20 June 2018 at 9:30 a.m. at Ballroom A, 2/F, The Langham, Hong Kong, 8 Peking Road, Tsim Sha Tsui, Kowloon, Hong Kong, subject to the approval by the Shareholders at the EGM.

According to the articles of association of the Company, it shall be unnecessary to give notice of the adjournment as the EGM is adjourned for less than 14 days. The proxy form which was enclosed with the Circular is still valid to be used by the Shareholders for the adjourned EGM. If you have duly completed and submitted any form(s) of proxy for the EGM and you wish the submitted proxy form(s) to remain in place for the adjourned EGM, there is no need for you to take any further action.

If the proposed adjournment of the EGM is approved by the Shareholders at the EGM, the book closure date for the purpose of determining the identities of Shareholders entitled to attend and vote at the adjourned EGM will be Thursday, 14 June 2018 to Wednesday, 20 June 2018 (both days inclusive), during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the adjourned EGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. (Hong Kong time) on Wednesday, 13 June 2018.

Yours faithfully,
By order of the Board
Cosmos Machinery Enterprises Limited

A handwritten signature in black ink, appearing to read 'Tang To', with a long, sweeping flourish extending upwards and to the right.

TANG TO
Chairman