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

Financial Adviser to Cosmos Machinery Enterprises Limited



**Independent Financial Adviser to the Code Independent Board Committee,
the LR Independent Board Committee and the Independent Shareholders**



Reference is made to the circular of Cosmos Machinery Enterprises Limited (the “**Company**”) dated 19 May 2018 (the “**Circular**”) in relation to, among other things, (i) connected transaction in relation to subscription of new Shares by connected persons; (ii) application for Whitewash Waiver; and (iii) notice of EGM. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Circular.

The Board would like to inform the Shareholders that a supplemental circular to the Circular (the “**Supplemental Circular**”) to provide the Shareholders with additional information has been despatched to the Shareholders on 2 June 2018.

Please see the enclosed Supplemental Circular for more details.

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

Hong Kong, 2 June 2018

As at the date of hereof, the board of directors of the Company is comprised of nine directors, of which three are executive directors, namely Mr. Tang To, Mr. Wong Yiu Ming and Mr. Tang Yu, Freeman, 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.

The Directors jointly and severally accept full responsibility for the accuracy of information (other than those relating to the Subscribers and the parties acting in concert with it) contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the Subscribers) in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the First Subscriber, namely Mr. Tang To, Mr. Tang Siu Fai, Mr. Tang Yu, Freeman, Mr. Tang Chi Tung, Mr. Chui Kwok Lau and Mr. Kan Wai Wah, jointly and severally accept full responsibility for the accuracy of the information relating to the First Subscriber and the parties acting in concert with it contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the First Subscriber in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of the Second Subscriber, namely Mr. Tang To and Mr. Tang Yu, Freeman, jointly and severally accept full responsibility for the accuracy of the information relating to the Second Subscriber and the parties acting in concert with it contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Second Subscriber in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this supplemental circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a 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 supplemental circular to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This supplemental circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Cosmos Machinery Enterprises Limited.



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

Financial Adviser to Cosmos Machinery Enterprises Limited



**Independent Financial Adviser to the Code Independent Board Committee,
the LR Independent Board Committee and the Independent Shareholders**



Capitalised terms used on this cover shall have the same meanings as those defined in this supplemental circular, unless the context requires otherwise. A letter from the Board is set out on pages 2 to 4 of this supplemental circular.

This supplemental circular should be read in conjunction with the circular of the Company dated 19 May 2018.

2 June 2018

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DEFINITIONS

Capitalised terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise. In addition, in this supplemental circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Circular”	the circular of the Company dated 19 May 2018 in relation to, among other things, the Subscription Agreement, the transactions contemplated thereunder (including Specific Mandate) and the Whitewash Waiver
“New Latest Practicable Date”	30 May 2018, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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
TANG To
Chairman

Set out below are general information in addition to those as disclosed in Appendix III to the Circular:

1. RESPONSIBILITY STATEMENT

This supplemental 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 Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this supplemental 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 supplemental circular supplemental misleading.

This supplemental circular includes particulars given in compliance with the Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of information (other than those relating to the Subscribers and the parties acting in concert with them) contained in this supplemental circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the Subscribers) in this supplemental circular have been arrived at after due and careful consideration and there are no other facts not contained in this supplemental circular, the omission of which would make any statement in this supplemental circular misleading.

The directors of the First Subscriber, namely Mr. Tang To, Mr. Tang Siu Fai, Mr. Tang Yu, Freeman, Mr. Tang Chi Tung, Mr. Chui Kwok Lau and Mr. Kan Wai Wah, jointly and severally accept full responsibility for the accuracy of the information relating to the First Subscriber and the parties acting in concert with it contained in this supplemental circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the First Subscriber in this supplemental circular have been arrived at after due and careful consideration and there are no other facts not contained in this supplemental circular, the omission of which would make any statement in this supplemental circular misleading.

The directors of the Second Subscriber, namely Mr. Tang To and Mr. Tang Yu, Freeman, jointly and severally accept full responsibility for the accuracy of the information relating to the Second Subscriber and the parties acting in concert with it contained in this supplemental circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the Second Subscriber in this supplemental circular have been arrived at after due and careful consideration and there are no other facts not contained in this supplemental circular, the omission of which would make any statement in this supplemental circular misleading.

2. DOCUMENTS AVAILABLE FOR INSPECTION

In addition to those documents set out under the paragraph headed “12. DOCUMENTS AVAILABLE FOR INSPECTION” in Appendix III to the Circular, the letter from the Board as set out in this supplemental circular, this supplemental circular and the memorandum and articles of association of the Subscribers are available for inspection (i) during normal business hours from 9:30 a.m. to 5:00 p.m. (except Saturdays and public holidays) at the registered office of the Company in Hong Kong at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong; (ii) on the website of the Company (www.cosmel.com); and (iii) on the website of the Securities and Futures Commission (www.sfc.hk) from the date of this supplemental circular up to and including the later of the date of the EGM and any adjourned EGM.