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## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

Reference is made to the (i) circular of Cosmos Machinery Enterprises Limited (the “**Company**”) dated 19 May 2018 (the “**Circular**”) regarding the connected transaction in relation to subscription of new shares by connected persons (the “**Subscription**”); (ii) announcements of the Company dated 30 April 2018 and 27 June 2018 (the “**Announcements**”); and (iii) annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”) published by the Company on 16 April 2019. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular and 2018 Annual Report.

In addition to the information disclosed in the section “Management Discussion and Analysis” in the 2018 Annual Report, the Board would like to provide additional information pursuant to paragraphs 11(8)(b) and (c) of Appendix 16 to the Listing Rules in relation to the use of net proceeds of approximately HK\$76 million (the “**Net Proceeds**”) raised from the Subscription as follows:

<b>Intended use of Net Proceeds</b>	<b>Actual use of Net Proceeds and Intended use of unutilized proceeds</b>
<p>(i) Approximately HK\$22.8 million of the Net Proceeds was planned to use for funding and working capital in machinery manufacturing business, plastic products and processing business and industrial supplies trading business</p>	<p>Approximately HK\$5.5 million was utilized for funding and working capital in industrial supplies trading business.</p> <p>Accordingly, the unutilized proceeds of approximately HK\$17.3 million as at 31 December 2018 allocated for funding and working capital in machinery manufacturing business, plastic products and processing business and industrial supplies trading business, including settlement of general overheads and other operating expenses is intended to be fully utilised for the same specific use by 31 December 2019.</p>
<p>(ii) Approximately HK\$15.2 million of the Net Proceeds was planned to use for research and development in machinery manufacturing business</p>	<p>Approximately HK\$1.95 million was utilised for research and development expenditures including employment of engineering and technical staff, and purchases of raw materials.</p> <p>Accordingly, the unutilized proceeds of approximately HK\$13.25 million as at 31 December 2018 allocated for development of injection moulding machines and rubber plastic machines, including upgrading existing products with new features, employment of engineering and technical staff and purchases of raw materials is intended to be fully utilised for the same specific use by 31 December 2019.</p>

### **Intended use of Net Proceeds**

(iii) Approximately HK\$19 million of the Net Proceeds was planned to use for investment in plants and machineries in machinery manufacturing business, plastic products and processing business and industrial supplies trading business

(iv) Approximately HK\$7.6 million of the Net Proceeds was planned to use for restructuring in machinery manufacturing business

(v) Approximately HK\$11.4 million of the Net Proceeds was planned to use for repayment of bank loans

### **Actual use of Net Proceeds and Intended use of unutilized proceeds**

Approximately HK\$2.25 million was utilised for purchase of machineries, and furniture, fixtures and equipment in machinery manufacturing business and plastic products and processing business.

Accordingly, the unutilized proceeds of approximately HK\$16.75 million as at 31 December 2018 allocated for purchase of machineries, furniture, fixtures and equipment and tools is intended to be fully utilised for the same specific use by 31 December 2019.

Approximately HK\$1.3 million was utilised for assets relocation and optimization, and restructuring expenses.

Accordingly, the unutilized proceeds of approximately HK\$6.3 million as at 31 December 2018 allocated for employees lay-off expenses is intended to be fully utilised for the same specific use by 31 December 2019.

Approximately HK\$4.2 million was utilised for repayment of bank loans of the Company.

Accordingly, the unutilized proceeds of approximately HK\$7.2 million as at 31 December 2018 allocated for further repayment of bank loans of the Company is intended to be fully utilised for the same specific use by 30 November 2019.

The above supplemental information does not affect other information contained in the 2018 Annual Report and save as disclosed above, all other information in the 2018 Annual Report remains unchanged.

No material delay or change in the use of proceeds was noted and expected. Should there be any material delay or change in the use of proceeds, a further announcement will be made by the Company as and when appropriate.

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

Hong Kong, 29 October 2019

*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.*